2024

Half Year U.S. Disclosure Document

for the half year ended 31 March 2024

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

The date of this 2024 Half Year U.S. Disclosure Document is 15 May 2024

U.S. Disclosure Document
Half year ended 31 March 2024

CONTENTS ***PAGE***

All references in this document to the “U.S. Disclosure Document” refer to the 2024 Half Year U.S. Disclosure Document of Australia and New Zealand Banking Group Limited for the half year ended 31 March 2024 (the “March 2024 half” or “Mar 24” or “Mar 24 half” or “current period”), including the Annex attached hereto. References to the “September 2023 half” refer to the half year ended 30 September 2023 (the “September 2023 half” or “Sep 23” or “Sep 23 half”) and references to the “March 2023 half” refer to the half year ended 31 March 2023 (the “March 2023 half” or “Mar 23” or “Mar 23 half”), and we refer to prior half years in a similar fashion. References in this document to the “2023 Annual U.S. Disclosure Document” refer to the 2023 Annual U.S. Disclosure Document for the year ended 30 September 2023.

This U.S. Disclosure Document is dated 15 May 2024. All references in this document to “the date of this U.S. Disclosure Document” are to 15 May 2024.

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

- “Group” 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 ANZ Group Holdings Limited (“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 31 March 2024, and the results of operations for the half 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 the Annex are the following documents that have been filed with the Australian Securities Exchange (“ASX”) in accordance with its rules:

- The Group‘s Condensed Consolidated Financial Statements for the half year ended 31 March 2024 (comprising the financial statements, notes to the financial statements and directors’ declaration) (hereafter referred to as the “Condensed Consolidated Financial Statements”); and
- The independent auditor’s review report on the Group’s Condensed Consolidated Financial Statements.

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, including the acquisition of Suncorp Bank from Suncorp Group Limited. 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. 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.");
- competition in the markets in which the Group operates;
- the Group's ability to complete, integrate or separate and process acquisitions and divestments;
- 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;
- pandemics and other public health crises;
- 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;
- 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;
- non-financial risk events;
- 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; and
- various other factors beyond the Group's control.

BASIS OF PREPARATION

The summary of the condensed consolidated income statements and selected ratios for the half years ended 31 March 2024, 30 September 2023 and 31 March 2023, and the summary of the condensed consolidated balance sheets and selected ratios as at 31 March 2024, 30 September 2023, and 31 March 2023, have been derived from the Condensed Consolidated Financial Statements and management schedules. The Condensed Consolidated Financial Statements are attached to this U.S. Disclosure Document as the Annex. The Condensed Consolidated 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"), AASB 134 *Interim Financial Reporting* ("AASB 134") and the *Corporations Act 2001* of Australia (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 Condensed Consolidated Financial Statements and the financial information included herein comply with the recognition and measurement requirements of IFRS and International Accounting Standard 34 *Interim Financial Reporting* issued by the IASB. For further information concerning the basis of preparation of the Condensed Consolidated Financial Statements, refer to Note 1 of the Condensed Consolidated Financial Statements. Except to the extent stated herein, all financial information disclosed in this U.S. Disclosure Document relates to the Group.

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 March 2024 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$0.6524 = 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/Continuing Operations

During the 2022 full year, all activities relating to the legacy sale of the ANZ Group's wealth businesses ceased. Accordingly, the Group no longer presents financial results on a discontinued/continuing basis.

Restatement of Prior Period Comparative Information

Accounting standards adoption

The Group adopted AASB 17 *Insurance Contracts* ("AASB 17") on 1 October 2023, which established principles for the recognition, measurement, presentation, and disclosure of insurance contracts. Although the overall profit recognised in respect of insurance contracts will not change over the life of contracts, the timing of revenue recognition will change. The Group applied AASB 17 effective from 1 October 2022 and restated prior period comparative information. This resulted in a decrease in opening retained earnings of $37 million on 1 October 2022, an increase in profit after tax (Sep 23 half: nil; Mar 23 half: $8 million), an increase in total assets (Sep 23: $22 million; Mar 23: $36 million), and an increase in total liabilities (Sep 23: $51 million; Mar 23: $65 million) in the Australia Retail division. These adjustments were primarily driven by the impact of changes in the pattern of recognition of revenue on insurance contracts issued, changes in the pattern of recognition of the net cost of reinsurance, and the valuation of profit commissions on reinsurance contracts held.

Divisional results presentation

Divisional prior period comparative information was restated to reflect a number of cost reallocations across and within the divisions during the period, with no impact to Group results.

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 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. 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 UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS AND SELECTED RATIOS

Condensed Consolidated Income Statement	Half Year			
	Mar 24 USD M[1]	Mar 24 $M	Sep 23 $M	Mar 23 $M
Interest income	**19,462**	**29,832**	27,089	22,840
Interest expense	**(14,308)**	**(21,932)**	(19,018)	(14,343)
Net interest income	**5,154**	**7,900**	8,071	8,497
Other operating income[2]	**1,467**	**2,248**	2,248	1,662
Operating income	**6,621**	**10,148**	10,319	10,159
Operating expenses	**(3,379)**	**(5,179)**	(5,101)	(4,986)
Profit before credit impairment and income tax	**3,242**	**4,969**	5,218	5,173
Credit impairment (charge)/release[3]	**(46)**	**(70)**	(112)	(133)
Profit before income tax	**3,196**	**4,899**	5,106	5,040
Income tax expense	**(936)**	**(1,435)**	(1,495)	(1,450)
Profit for the period	**2,260**	**3,464**	3,611	3,590
Profit attributable to non-controlling interests	**(9)**	**(14)**	(14)	(14)
Profit attributable to shareholders of the Company	**2,251**	**3,450**	3,597	3,576

1. *The USD amounts are disclosed for information purposes only. There is no assurance that the AUD amounts could be translated at the 29 March 2024 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 Condensed Consolidated Income Statement (attached to this U.S. Disclosure Document as part of the Annex).*
3. *The credit impairment (charge)/release represents the aggregation of the individually and collectively assessed credit impairment (charges)/releases.*

	Half Year			
	Mar 24 USD[1]	Mar 24	Sep 23	Mar 23
Selected ratios				
Other operating income as a percentage of operating income	**22.2%**	**22.2%**	21.8%	16.4%
Net interest margin (%)	**1.55%**	**1.55%**	1.65%	1.75%
Operating expense to operating income ratio (%)	**51.0%**	**51.0%**	49.4%	49.1%
Dividends paid on ordinary shares ($M)[2]	**1,808**	**2,771**	2,387	3,172

1. *The USD amounts are disclosed for information purposes only. There is no assurance that the AUD amounts could be translated at the 29 March 2024 Noon Buying Rate applied in this U.S. Disclosure Document.*
2. *Dividends paid to ordinary equity holders of ANZBGL during the March 2023 half includes $1,000 million special dividend paid in January 2023 to ANZBGL's intermediate holding company, ANZ BH Pty Ltd, a wholly owned subsidiary of ANZGHL.*

SUMMARY OF UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS AND SELECTED RATIOS

	As at			
	Mar 24 USD M[1]	Mar 24 $M	Sep 23 $M	Mar 23 $M
Share capital and reserves attributable to shareholders of the Company	**45,299**	**69,434**	68,563	68,071
Subordinated debt[2]	**23,712**	**36,346**	33,678	32,714
Unsubordinated debt	**59,214**	**90,763**	82,336	73,443
Deposits and other borrowings	**526,610**	**807,189**	815,203	843,098
Gross loans and advances	**469,278**	**719,310**	711,240	694,395
Less: Individually assessed provision for credit impairment	**(209)**	**(320)**	(366)	(414)
Less: Collectively assessed provision for credit impairment	**(2,067)**	**(3,169)**	(3,180)	(3,244)
Net loans and advances	**467,002**	**715,821**	707,694	690,737
Total assets	**711,206**	**1,090,138**	1,106,064	1,111,642
Net assets	**45,800**	**70,202**	69,085	68,596
Risk weighted assets	**282,345**	**432,779**	433,327	435,514
Capital adequacy ratios (Level 2):				
Common Equity Tier 1	**13.5%**	**13.5%**	13.3%	13.2%
Tier 1	**15.4%**	**15.4%**	15.2%	15.1%
Tier 2	**6.5%**	**6.5%**	5.8%	5.5%
Total capital ratio	**21.9%**	**21.9%**	21.0%	20.6%

	Half Year			
	Mar 24 USD[1]	Mar 24	Sep 23	Mar 23
Selected ratios				
Profit attributable to the shareholders of the Company as a percentage of:				
Average total assets[3]	**0.6%**	**0.6%**	0.6%	0.6%
Average ordinary shareholders' equity excluding non-controlling interests[3]	**9.9%**	**9.9%**	10.7%	10.8%
Average ordinary shareholders' equity excluding non-controlling interests as a percentage of average total assets[3]	**6.0%**	**6.0%**	6.0%	6.0%

1. *The USD amounts are disclosed for information purposes only. There is no assurance that the AUD amounts could be translated at the 29 March 2024 Noon Buying Rate applied in this U.S. Disclosure Document.*
2. *For the composition of subordinated debt, refer to Note 10 as presented in the Condensed Consolidated Financial Statement (attached to this U.S. Disclosure Document as part of the Annex).*
3. *Averages are calculated using predominantly daily averages.*

SUMMARY OF CREDIT RISK DATA

	As at			
	Mar 24 USD M[1]	Mar 24 $M	Sep 23 $M	Mar 23 $M
Gross impaired assets				
Impaired loans[2]	**574**	**880**	1,037	804
Restructured items[3]	**384**	**589**	437	382
Non-performing commitments, contingencies and derivatives[2]	**32**	**49**	47	24
Total gross impaired assets	**990**	**1,518**	1,521	1,210
Allowance for expected credit losses[4]				
Individually assessed provision - impaired loans	**209**	**320**	366	414
Individually assessed provision - non-performing commitments, contingencies and derivatives	**3**	**5**	10	7
Collectively assessed provision	**2,640**	**4,046**	4,032	4,040
Total allowance for expected credit losses	**2,852**	**4,371**	4,408	4,461
Total gross loans and advances[5]	**469,278**	**719,310**	**711,240**	**694,395**
Credit risk weighted assets	**227,327**	**348,447**	349,041	345,294
Collectively assessed provision as a percentage of credit risk weighted assets	**1.16%**	**1.16%**	1.16%	1.17%
Gross impaired assets as a percentage of gross loans and advances	**0.21%**	**0.21%**	0.21%	0.17%
Individually assessed provision as a percentage of gross impaired assets	**21.4%**	**21.4%**	24.7%	34.8%
Individually assessed provision for impaired loans as a percentage of impaired loans	**36.4%**	**36.4%**	35.3%	51.5%
Total allowance for expected credit losses as a percentage of:				
Gross loans and advances[5]	**0.6%**	**0.6%**	0.6%	0.6%
Credit risk weighted assets	**1.3%**	**1.3%**	1.3%	1.3%

1. *The USD amounts are disclosed for information purposes only. There is no assurance that the AUD amounts could be translated at the 29 March 2024 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 wholesale and retail 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.*

OVERVIEW

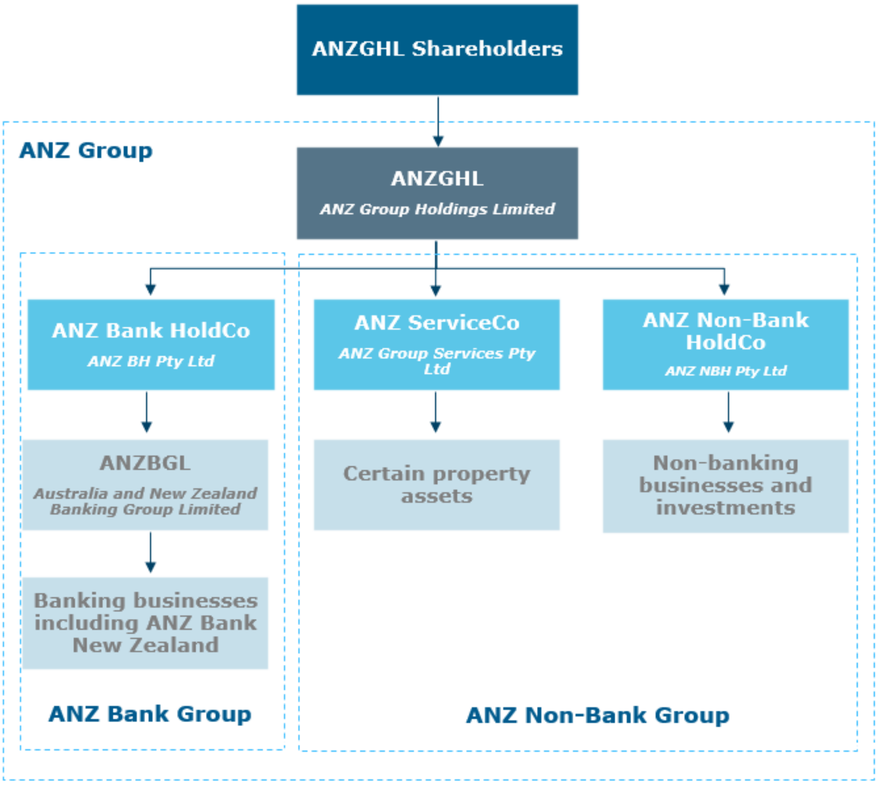
The Group is one of the four major banking groups headquartered in Australia. ANZBGL is a public company incorporated and domiciled in Australia with debt listed on securities exchanges. ANZBGL's registered office is located at Level 9, 833 Collins Street, Docklands, Victoria 3008, Australia, and the 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 other countries in the Asia-Pacific region, the United Kingdom, France, Germany and the United States.

As at 31 March 2024, the Group had total assets of $1,090.1 billion and share capital and reserves attributable to shareholders of the Company of $69.4 billion. In terms of total assets among banking groups, the Group ranked second in Australia[1] as at 31 March 2024 and first in New Zealand[2] as at 31 March 2024.

On 3 January 2023, ANZBGL implemented a restructure ("the Restructure") that resulted in ANZGHL becoming the 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* of Australia (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 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 under the terms and conditions of senior debt issued by ANZBGL; and
- Does not have any obligations under the terms and conditions of Tier 2 capital securities or Additional Tier 1 capital securities issued by ANZBGL, except to the extent that such securities are convertible into ANZGHL's ordinary shares as provided for in the terms and conditions 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 half year ended 31 December 2023; National Australia Bank results announcement for the half year ended 31 March 2024; Westpac Banking Corporation results announcement for the half year ended 31 March 2024.*
2. *Source: Reserve Bank of New Zealand Bank Financial Strength Dashboard (https://bankdashboard.rbnz.govt.nz/summary) for the quarter ending 31 December 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 its customers; by providing excellent services, tools and insights that engage and retain customers and support them in achieving their goals.

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 believes its strategy will be enabled by:

- **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.

PRINCIPAL ACTIVITIES

The Group operates 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 31 March 2024, 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 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.
- 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 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 Group announced an agreement to purchase 100% of the shares in SBGH Limited, the immediate non-operating holding company of Suncorp Bank. The Australian Competition and Consumer Commission ("ACCC") declined to grant authorisation for this acquisition in August 2023. This decision was reviewed by the Australian Competition Tribunal. On 20 February 2024, the Australian Competition Tribunal delivered its decision to authorise the acquisition. As at the date of this U.S. Disclosure Document, no applications for judicial review of the Tribunal's decision have been filed and the ACCC has indicated that it will not seek a judicial review of the Tribunal's decision. Subject to no third party seeking judicial review by the Full Federal Court and the remaining acquisition conditions being satisfied in due course, including Federal Treasurer approval and certain amendments to the *State Financial Institutions and Metway Merger Act 1996 (QLD)*, the acquisition will proceed. 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. Completion of the acquisition is expected to occur in calendar third quarter of 2024. If the remaining acquisition conditions are not satisfied, a third party seeks judicial review of the Australian Competition Tribunal's decision, or APRA issues such a communication, the acquisition may not proceed. 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

S&P Global Ratings upgrades ANZBGL's Tier 2 and Additional Tier 1 capital instruments

On 3 April 2024, ANZBGL announced that S&P Global has upgraded the following key debt ratings for ANZBGL.

Rating	To	From
Tier 2	A-	BBB+
Additional Tier 1	BBB	BBB-

S&P Global has reaffirmed ANZBGL's 'Stable' outlook.

The upgrade resulted from a one-notch increase in ANZBGL's stand-alone credit profile ("SACP") to 'a+' from 'a'. The improvement in ANZBGL's SACP does not result in a change to ANZBGL's issuer credit rating and senior unsecured debt ratings of AA-.

ANZGHL to buy-back up to $2 billion of shares

On 7 May 2024, ANZGHL announced that it intends to buy-back up to $2 billion of its ordinary shares on-market as part of its capital management plan, subject to market conditions.

The ANZGHL board has determined that a share buy-back is appropriate taking into account the strong capital position of the ANZGHL Group (being ANZGHL and its controlled entities). APRA has approved the on-market buy-back.

ANZBGL and its immediate parent ANZ BH Pty Ltd will each undertake a capital reduction of $2 billion when the on-market buy-back of shares by ANZGHL begins. APRA has approved these planned capital reductions.

Except as disclosed above, there have been no significant developments since 31 March 2024 to the date of this U.S. Disclosure Document.

COMPETITION

Australia

The Australian banking system is concentrated and highly competitive. As at 31 March 2024, 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 March 2024 (published 30 April 2024).*

New Zealand

The New Zealand financial services sector in which the Group operates is 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 31 March 2024, 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 competitors in the financial services sector. The non-banking sector constituted approximately 3%[1] of total financial system assets as at 31 March 2024.

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. March 2024 (Released 30 April 2024)

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 under the Banking Act (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 of ANZGHL as an authorised NOHC under the Banking Act, 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 ANZGHL considers 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 at least one 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 Competition and Consumer Commission – in relation to competition, fair trading and consumer protection 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 *National Consumer Credit Protection Act 2009* of Australia. 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 (the “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"). 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 its introduction on 1 January 2018, the Group has complied with APRA's Net Stable Funding Ratio ("NSFR") requirement. The Group's Level 2 NSFR was 118% as at 31 March 2024 (30 September 2023: 116%). ANZBGL seeks to observe strictly its prudential obligations in relation to liquidity and funding risk as required by APRA's 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.

Financial Accountability Regime

The *Financial Accountability Regime Act 2023* of Australia (the "FAR Act") 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 ("Financial Accountability Regime" or the "FAR"). The FAR Act sets out a staged timeline for different types of entities that fall within the definition of "accountable entities" for the purposes of the FAR to be regulated directly by the FAR. In accordance with that timeline:

- from 15 March 2024, both ANZBGL (as an ADI) and ANZGHL (as an authorised NOHC of an ADI) are 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, accountable entities and certain individuals, including senior executives and directors, are subject to, or impacted by, accountability obligations. For example, under the FAR ANZBGL, ANZGHL and each other accountable entity is required, amongst other things, to:

- identify and register accountable persons for itself as an accountable entity and for any of its subsidiaries whose business and activities materially and substantially affect the accountable entity (a "significant related entity");
- provide APRA and ASIC with an accountability map which clearly shows its significant related entities and the names, responsibilities and reporting lines of all its accountable persons;
- 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 its accountable persons 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;

- have in place a remuneration policy that sets out certain matters and ensures that if part of the variable remuneration of an accountable person is to be reduced due to a failure to comply with that person's accountability obligations, the amount of such reduction is not paid or otherwise transferred; and
- notify APRA and ASIC where it has reasonable grounds to believe that it, or an accountable person of itself or its significant related entity has failed to comply with one or more accountability obligations.

ANZBGL and ANZGHL may be liable for substantial penalties for failing to comply with their respective FAR obligations, as may any other accountable entities in the Group in respect of their own FAR obligations. Where accountable persons do not meet their accountability obligations APRA and ASIC are 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 the FAR).

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 has revised its bank capital adequacy requirements applying to New Zealand locally incorporated registered banks, which are set out in the Banking Prudential Requirements ("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 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 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 net impact on the Group's Level 1 CET1 capital, by the end of the transition period in 2028, will be dependent on the additional capital required by ANZ Bank New Zealand to comply with the increased capital requirements. Whether the additional capital requirement for ANZ Bank New Zealand results in financial implications for ANZGHL will also depend on whether the Group's Level 1 CET1 ratio is lower than the Group's Level 2 CET1 ratio in 2028. Given the level of uncertainty of these outcomes, the future financial impact of the RBNZ's revised capital adequacy requirements is not able to be quantified currently.

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

Capital Requirements – An Unquestionably Strong Framework

APRA implemented its final Basel 3 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. In addition, in December 2023, APRA released for consultation proposed minor updates to the capital framework for ADIs. One update is related to APS112 Capital Adequacy: Standardised Approach to Credit Risk, which could potentially reduce standardised RWA. ADIs now calculate RWA under both the internal ratings-based ("IRB") RWA approach and the standardised RWA approach. When the standardised RWA multiplied by 72.5% is greater than the IRB RWA, the difference is added as an adjustment to the total IRB RWA. Therefore, any reduction in the standardised RWA may reduce (or eliminate) the quantum of the IRB capital floor adjustment. The Group responded to APRA's consultation in March 2024 and APRA is conducting a quantitative impact study with selected ADIs. APRA has selected the Group to take part in this study. 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

On 2 December 2021, APRA finalised its loss-absorbing capacity requirements for Australian domestic systemically important banks ("Australian D-SIBs"), including ANZBGL, requiring an increase to their minimum total capital requirement by 4.5% of RWA by January 2026. 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 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 to formally consult in calendar year 2024 on any proposed amendments to its 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 agree to cross-default provisions 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 31 March 2024 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 then 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. Over the course of 2024, APRA plans to review 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 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 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.

New Zealand Regulatory Developments

Bank capital adequacy requirements

The RBNZ has revised the capital adequacy requirements applying to New Zealand locally incorporated registered banks, which are set out in RBNZ's Banking Prudential Requirements documents. As a result, ANZ Bank New Zealand is materially increasing the level of capital it holds over the transition period from October 2021 to July 2028. The key requirements still being implemented are:

- ANZ Bank New Zealand's total capital requirement will progressively increase to 18% of RWA, including Tier 1 capital of at least 16% of RWA. Up to 2.5% of the Tier 1 capital requirement can be made up of AT1 capital, with the remainder of the Tier 1 requirement made up of CET1 capital, from July 2024. AT1 capital must consist of perpetual preference shares, which may be redeemable. The total capital requirement can also include Tier 2 capital of up to 2% of RWA. 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 31 March 2024, ANZ Bank New Zealand had NZ$1.238 million of AT1 instruments ("Contingent AT1 Instruments") that will progressively lose eligible regulatory capital treatment over the transition period to 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.

Replacement of the BPS Act

Since 1989, prudential supervision and regulation of banks has been governed by the BPS Act (which was previously named the *Reserve Bank of New Zealand Act 1989*).

However, the BPS Act is in the process of being replaced by two separate pieces of legislation:

- The *Reserve Bank of New Zealand Act 2021* 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).

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 mid-2025, ahead of the rest of the Deposit Takers Act coming into effect in 2028. The RBNZ plans to finalise the DCS regulations in the last quarter of calendar year 2024.

Conduct regulations for financial institutions

Upon coming into force on 31 March 2025, the *Financial Markets (Conduct of Institutions) Amendment Act 2022* ("FMCIA") will require certain financial institutions (including ANZ Bank New Zealand and ANZBGL) 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 will implement a broad conduct regime that can be expanded over time with further obligations on regulated entities.

In January 2024, the Minister of Commerce and Consumer Affairs announced plans to review the requirements on financial institutions under the FMCIA, including a review of conduct licensing under the *Financial Markets Conduct Act 2013*,

RBNZ review of BS13

The RBNZ is undertaking a comprehensive review of BS13.

Two rounds of consultation of the review are complete. The RBNZ's key decisions following the second consultation include:

- the retention of the RBNZ's existing quantitative liquidity metrics with modifications, rather than the adoption of the Basel III's liquidity framework;
- the tightening of eligibility requirements for liquid assets in New Zealand; and
- the establishment of a committed liquidity facility for currently eligible liquid assets that do not meet the new eligibility requirements.

An updated liquidity policy is currently scheduled to be published in late calendar year 2026 or early calendar year 2027 as a core standard under the Deposit Takers Act.

Cyber resilience guidance and information sharing consultation

The RBNZ released new cyber resilience reporting requirements in March 2024.

Under these requirements, regulated entities (including ANZ Bank New Zealand) are required to:

- report all material cyber incidents to the RBNZ within 72 hours after detection; and
- from 1 October 2024:
  - report all cyber incidents to the RBNZ, regardless of materiality, on a six-month basis for entities with at least NZ$2 billion in total assets (such as ANZ Bank New Zealand), with the first report due on 30 April 2025; and
  - respond to the RBNZ's survey on the cyber resilience of regulated entities based on the RBNZ's cyber resilience guidance on a biennial (or, for entities with at least NZ$2 billion in total assets, annual) basis.

Debt serviceability restrictions

In January 2024, the RBNZ consulted on the activation and proposed settings of the debt-to-income ("DTI") restrictions on residential mortgage lending. DTI restrictions set limits on the portion of lending that banks can provide to residential borrowers relative to their income (i.e. with a DTI ratio above a certain threshold). A borrower's (either an individual or household) DTI is calculated by dividing their total debt by total annual income. The RBNZ proposes setting the DTI restrictions so that banks' residential loans to owner-occupiers with a DTI greater than 6 cannot exceed 20% of their residential loans; and their residential loans to investors with a DTI greater than 7 cannot exceed 20% of their residential loans. Consultation closed in March 2024. The RBNZ will decide on the activation and initial settings of the DTI restrictions and expects to communicate its decisions in mid-2024.

As at the date of this U.S. Disclosure Document, until the activation and initial settings of the DTI restrictions are confirmed, it is uncertain what impact the proposed DTI restrictions may have on the ANZ Bank New Zealand Group.

Loan-to-value ratio restrictions

As with the DTI consultation, see "Debt serviceability restrictions", the RBNZ also proposed easing the loan-to-value ratio ("LVR") settings. LVR restrictions set limits on the portion of lending that banks can provide to residential borrowers relative to the value of the residential property provided as security (i.e. with a LVR ratio above a certain threshold). A borrower's (either an individual or household) LVR is calculated by dividing their total loan value by the total value of the property provided as security. The RBNZ's proposed LVR settings will allow banks to lend:

- up to 20% (from current 15%) of the total value of their new owner-occupier lending to borrowers with an LVR of over 80%; and
- up to 5% of the total value of their new investor lending to borrowers with an LVR of over 70% (from current 65% LVR).

Any decision to change the LVR requirements is expected to be announced at the same time as any DTI restriction announcement in mid-2024. As at the date of this U.S. Disclosure Document, it is uncertain what impact any change to the LVR requirements may have on the ANZ Bank New Zealand Group.

Climate-related disclosures

ANZ Bank New Zealand and ANZ New Zealand Investments Limited are required to produce climate statements for the financial year ending in 2024 and onwards, in accordance with climate reporting standards issued by the New Zealand External Reporting Board. This requires ANZ Bank New Zealand and ANZ New Zealand Investments Limited to annually prepare, seek independent assurance for and make public disclosures on the management of, and effects of climate change to their business, in accordance with climate-related disclosure standards.

Other

For further information on regulatory developments, including the risks they pose to the ANZ Bank New Zealand Group, see "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" and "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"). ANZBGL, ANZGHL and ANZ Bank HoldCo are subject to the BHC Act. An FHC's activities as FHC would become subject to restrictions if it does not meet the "well managed" or "well capitalised" requirements or if it 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 had made such a determination with respect to certain aspects of Australian law and regulation pursuant to guidance issued by the CFTC, and that determination has continued to remain in effect under the 2020 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. Post 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. The Financial Crimes Enforcement Network, a bureau of the U.S. Department of the Treasury, has issued the priorities for anti-money laundering and countering the financing of terrorism policy, as required under the AMLA. The priorities include corruption, cybercrime, terrorist financing, fraud, transnational crime, drug trafficking, human trafficking and proliferation financing.

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 and increases in volatility in global financial markets and may adversely impact economic activity in the Relevant Jurisdictions, which could in turn adversely affect the Group's Position. Recent examples include the conflict in Ukraine, the Israel-Hamas war and recent conflict between Israel, Iran and Iran's proxies and the associated implementation of economic security-related legislation, the possibility of that war expanding into wider regional conflict in the Middle East, sanctions and trade restrictions in various markets, and heightened tensions between the United States and China, including with respect to the status of Taiwan.

Although the Group does not operate in and does not currently have any material direct exposure to Israel, Gaza, Iran, 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 remains relatively 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, which has increased the cost of living and reduced disposable income for consumers. 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 were 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, 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. Additionally, collapses of certain financial institutions in the United States, Europe or elsewhere could result in changes to capital and other regulatory requirements applicable to the Group, which may 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 regarding 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. 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*".

The Group may also experience political and public pressure concerning its pricing, services or activities. This may impose costs on the Group or impact its opportunities to generate revenue.

2. 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 foreign/offshore 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, which are largely unregulated, 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; and
- the Australian and New Zealand Governments may consider implementing policies that further increase competition in the banking market. For example, the ACCC's inquiry into the market for the supply of retail deposit products, which released its final report in December 2023, made recommendations concerning retail deposits. The Australian Parliament's inquiry into economic dynamism, competition and business formation, which released its final report in March 2024, made recommendations, such as treasury examining mechanisms to increase consumer engagement with mortgages and deposit products, designed to boost competition including in the banking sector specifically. In August 2023, the Australian Government commenced a review of its competition laws and institutions which is expected to last at least two years. In June 2023, the New Zealand Government released an exposure draft of a Customer and Product Data Bill, which contemplates the introduction of a consumer data right that would seek to improve consumers' ability to compare and switch products. In March 2024, the New Zealand Commerce Commission (the "Commerce Commission") opened a consultation on its proposal to recommend the designation of the interbank payment network to promote competition and efficiency in the retail payment system. Any decision regarding designation will occur after the consultation concludes in May 2024. The Commerce Commission is also conducting a market study into competition for personal banking services in the New Zealand retail banking sector and has released its draft report, which includes sixteen draft recommendations to improve competition for the long-term benefit of consumers. For example, with work already underway on the Customer and Product Data Bill, the Commerce Commission has recommended that the New Zealand Government should set clear deadlines and work with the industry to ensure open banking (which allows banks to share a customer's financial data with third parties only if the customer instructs them to do so) is fully operational by mid-2026. The Commerce Commission is expected to publish its final report by August 2024. While these recommendations, inquiries, bills and reviews may result in the implementation of regulations designed to increase competition in the banking market, the impact of these recommendations, inquiries, bills 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.

3. 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 authorization for this acquisition in August 2023. This decision was reviewed by the Australian Competition Tribunal. On 20 February 2024, the Australian Competition Tribunal delivered its decision to authorise the acquisition. As at the date of this U.S. Disclosure Document, no applications for judicial review of the Tribunal's decision have been filed and the ACCC has indicated that it will not seek a judicial review of the Tribunal's decision. Subject to no third party seeking judicial review by the Full Federal Court and the remaining acquisition conditions being satisfied in due course, including Federal Treasurer approval and certain amendments to the State Financial Institutions and Metway Merger Act 1996 (QLD), the acquisition will proceed.

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.

Completion of the acquisition is expected to occur in calendar third quarter of 2024. If the remaining acquisition conditions are not satisfied, a third party seeks judicial review of the Australian Competition Tribunal's decision or APRA issues such a communication, the acquisition may not proceed.

The terms and conditions of the Federal Treasurer's approval that is granted or relevant amendments to the Queensland legislation 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 any such conditions, obligations or restrictions (if imposed) 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.

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

In 2023, the Group implemented the Restructure that resulted in ANZGHL becoming the new listed parent company of the Group in place of ANZBGL. ANZGHL is a NOHC and is authorised as such for the purposes of the Banking Act. APRA's prudential framework for NOHCs is expected to become effective from 2025, following a period of industry consultation, which is currently ongoing. 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).

Whilst residential property prices have generally remained resilient to date, the scale and pace of interest rate rises have resulted in commercial property prices declining in Australia and New Zealand since 2021 and in some segments the full extent of such property price declines may not have yet been evidenced in softening market demand and valuations, despite a more stable interest rate outlook. The extent of property price changes will ultimately depend on any future interest rate rises or persistently high interest rates and their impact on the economy.

APRA included credit-based macroprudential policy measures within 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*".

Higher interest rates and rising costs of living have put pressure on household balance sheets, and this has 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 March 2024. In Australia, an increase in delinquencies has also been evidenced in the last six months since late 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 current high inflation levels, interest rates may be maintained at higher levels for a longer period. 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 issues, including supply chain constraints and a rapid rise in material costs, compounded by labour shortages and increased labour costs, may impact contractor profitability, cash flow and liquidity and financial stability, which in turn may impact delivery risk associated with commercial and larger residential development projects (including the development of land and apartments) and the feasibility of such developments and underlying land values in the short to medium term.

The COVID-19 pandemic triggered an ongoing change in the demand and supply dynamics in the office sector as certain flexible working arrangements have continued, which may impact tenancy demand, reduce rental growth, increase incentives provided by owners to renters, soften investor demand, yield expectations and value, particularly for secondary grade assets with weaker environmental, social and governance ("ESG") (specifically energy efficiency) credentials, given tenants are being more discerning in a less competitive market.

While valuation degradation is not uniform across all commercial real estate sectors, some institutional and private investor clients may see their real estate investment portfolios diminish in value as a result of changes in the real estate market. This could potentially lead to a weakening in their risk profile and a reduction in their willingness and/or ability to repay related loan facilities owed to the Group.

Whilst the Australian and New Zealand commercial real estate markets have remained relatively robust despite high inflation and a rapid rise in interest rates, weaker real estate markets in Europe, America and China could have a contagion effect on demand for Australian and New Zealand assets from foreign equity and debt capital markets.

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 and be unable to refinance their debts as and when they fall due, thereby destabilising parts of their economies. 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. Pandemics and other public health crises may adversely affect the Group's Position

The effects of a pandemic or other public health crisis may impact the Group's Position and the domestic and global economy, as was the case with the COVID-19 pandemic. Further, variants with respect to diseases may develop that impact the Group's customers and businesses and could lead to government action, which could adversely impact the Group's Position. Additionally, supply chain disruption and mobility constraints resulting from pandemics or public health crises could result in a decline in the Group's profit margins and could impact customers' cash flows, capital, liquidity and financing needs. Political and economic conditions following such events may cause reduced 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.

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 Australia, New Zealand, the Asia Pacific region, the United Kingdom ("UK"), Europe and the United States (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 particularly 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 and Middle East conflicts and their 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;
- mining operations that are exposed to a sustained fall in commodity prices due to supply or demand fluctuation;
- 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 has been exposed to a rapid rise in interest rates, impacting serviceability and putting downward pressure on valuations, particularly in the office sector given occupancy levels have not returned to pre-COVID-19 levels. Changes in working patterns with what is seemingly a permanent increase in people working from home has seen a greater distinction between Premium / A Grade Office and B / C Grade Office accommodation (including weaker ESG credentials), with the latter experiencing an increase in vacancies, decline in rents, increase in tenancy incentives and softening of yields and valuation. A weakening in discretionary spending could also impact rental growth and investor demand in the retail sector. In some markets, commercial contractors and sub-contractors may continue to 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. Following a period of reduced margins or operating losses, contractors need to recapitalise to fund working capital requirements for their forward book, including supporting bonding arrangements;
- industries facing labour supply shortages and which 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. carbon reduction requirements and resulting changes in demand for goods and services or liquidity). Losses may be exacerbated if insurance becomes unavailable or unaffordable. For more information on climate-related risks, see risk factor 22 "*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, 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 the ANZ Bank 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 ("RWA") 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.

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 section, 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.

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.

Reduced liquidity could lead to an increase in the cost of the Group's borrowings, constrain the volume of new lending and adversely affect the Group's ability to fulfill meeting deposit withdrawal demands, which may adversely affect the Group's Position.

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 12 of the Condensed Consolidated Financial Statements (attached as part of the Annex 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 yet 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 the 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 may be affected by a variety of factors, including recommendations made by inquiries conducted by the Australian Government or other regulators. Regulations continue to change, including with little or no notice, and are generally increasing in scope, scale, complexity, cost and speed of required compliance. Changes to Regulations and any associated increases in compliance costs may affect the profitability of the Group, change the level of competition that the Group faces or affect the ability of the Group to conduct one or more elements of its business. In addition, regulators are coming under increased pressure to take enforcement actions against entities that are not compliant with Regulations. The increasing complexity of Regulations and increased propensity for sanctions and more severe financial penalties for breaches could adversely affect the Group's results and reputation.

Regulations can and do affect the operating environment of, and impose significant compliance costs on, the Group. A failure by the Group to comply with Regulations or manage regulatory change could result in regulatory investigations, litigation, legal or regulatory sanctions, public criticism, financial or reputational loss, restrictions on the Group's ability to do business, fines or other enforcement or administrative actions or penalties. Any of these may adversely affect the Group's Position. Themes of recent Regulations include, but are not limited to, the prudential position of financial institutions, increasing transparency, the protection of customers, regulatory enforcement and the protection and use of information. Set out below are examples of recent or potential regulatory changes that could affect the Group's Position.

Prudential regulation

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's Position, include:

- Prudential framework, financial risks and liquidity: APRA implemented its final requirements in relation to capital adequacy and credit risk for ADIs on 1 January 2023. Minor updates were also made in November 2023 to: APS 180 Capital Adequacy: Counterparty Credit Risk, APS 120 Securitisation and CPS 320 Actuarial and Related Matters became effective on 1 January 2024. APRA continues to consult and finalise revisions to a number of prudential standards including APS 111 Capital Adequacy: Measurement of Capital, APS 117 Interest Rate Risk In the Banking Book, which is expected to be finalised in the middle of 2024 and to come into effect on 1 October 2025, APS 220 Credit Risk Management, Additional Tier 1 capital, APS 330 Public Disclosure and APS and APG 210 Liquidity. 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.
- Operational risk management: In July 2023, APRA finalised CPS 230 Operational Risk Management, which sets out minimum standards for managing operational risk, including updated requirements for business continuity planning and service provider risk management. The effective date of compliance is 1 July 2025. The Group is continuing to work through the implementation process, which requires changes to systems, operations and contractual arrangements with third parties.
- Recovery and exit planning: APRA finalised CPS 190 Recovery and Exit Planning ("CPS 190") in December 2022. CPS 190 is aimed at reinforcing the resilience of the financial system. Under CPS 190, entities are required to develop and maintain credible plans for managing periods of severe financial stress. The standard became effective on 1 January 2024 for banks and insurers.
- Resolution planning: APRA finalised CPS 900 Resolution Planning ("CPS 900") in May 2023. CPS 900 requires certain entities, including significant financial institutions, to develop a resolution plan in cooperation with APRA, 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. The standard

became effective 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. In addition, in December 2023 APRA released for consultation proposed minor amendments to the capital framework for ADIs. One update is related to APS 112 Capital Adequacy: Standardised Approach to Credit Risk, which could potentially reduce standardised RWA. ADIs now calculate RWA under both the IRB RWA approach and the standardised RWA approach. When the standardised RWA multiplied by 72.5% is greater than the IRB RWA, the difference is added as an adjustment to the total IRB RWA. Therefore, any reduction in the standardised RWA may reduce (or eliminate) the quantum of the IRB capital floor adjustment. The Group responded to APRA's consultation in March 2024 and APRA is conducting a quantitative impact study with selected ADIs. 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.

- Loss absorbing capacity: On 2 December 2021, APRA finalised its loss-absorbing capacity requirements for Australian D-SIBs, including ANZBGL, requiring an increase to their minimum total capital requirement by 4.5% of RWA by January 2026. 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 the Group's Level 1 CET1 capital by the end of the transition period in 2028 is dependent on the additional capital required by ANZ Bank New Zealand to comply with the increased capital requirements. Whether the additional capital requirement for ANZ Bank New Zealand results in financial implications for ANZGHL will also depend on whether the Group's Level 1 CET1 ratio is lower than the Group's Level 2 CET1 ratio in 2028. Given the level of uncertainty of these outcomes, the future financial impact of the RBNZ's revised capital adequacy requirements is not able to be quantified currently.

- NZ contingent capital instruments: ANZ Bank 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.

Other Australian regulation

Other recent developments relating to Australian regulation that have impacted, or that may impact the Group in the future include:

- Climate-related financial disclosure: The Australian Government has released draft legislation to introduce mandatory requirements for large businesses and financial institutions, including the Group, to disclose their climate-related risks and opportunities. If the legislation is enacted as drafted, the Group would need to prepare climate-related financial disclosures for the annual reporting period starting after 1 January 2025. The disclosure is proposed to include scenario analysis and climate resilience assessments, climate-related plans, identification and management of climate-related financial risks and opportunities and scope 1 and 2 emissions. As drafted, the legislation would require the Group to report scope 3 emissions from the annual reporting period starting after 1 January 2026. Assurance requirements and a modified liability framework would apply to the reporting. The Group could face increased reporting costs and scrutiny concerning its climate-related financial disclosures.

- Privacy: In May 2024, the Australian Government announced it will bring forward legislation in August 2024 overhauling the Privacy Act. It is unclear which reforms proposed in the Privacy Act review final report will be included in this legislation. These changes could impact how the Group uses individuals' information including by requiring it to seek more specific consents and restricting the insights that can be obtained from the information.

- Cyber Security: The Australian Government has consulted on proposed new cyber security legislation and on changes to the Security of Critical Infrastructure Act 2018 to address gaps in current laws and improve security and resilience. These include a ransomware reporting obligation for businesses and strengthened consequence management powers for the Minister for Cyber Security. Separately, the Australian Government has introduced legislation to establish an accreditation scheme for entities providing digital identity services. Implementation of the legislation could result in increased costs for the Group, and may give rise to regulatory enforcement proceedings, for example, if the Group wishes to become a provider of digital identity or to use digital identities as a part of its onboarding process for customers, which may, in turn, adversely affect the Group's Position.

- Scams: The Australian Government has committed to introduce, and commenced consultation on, new mandatory industry codes to outline the responsibilities of the private sector in relation to scam activity, with a focus on banks, digital communications platforms and telecommunications providers. Separately the Australian Banking Association ("ABA") and its member banks released a Scams-Safe Accord outlining initiatives to prevent, detect, and disrupt scams affecting individual and small business customers. 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. The New Zealand Minister of Commerce and Consumer Affairs has written an open letter to the New Zealand banking sector outlining the New Zealand Government's expectations for protection against scams. These expectations include banks prioritising work to commence rolling out a confirmation of payee system by the end of 2024, updating the Code of Banking Practice within the year to provide further measures to protect consumers from scams and fraudulent activity, and investigating, and providing an update to the Minister by the end of September 2024 on a voluntary reimbursement scheme for victims of authorised payment scams. The introduction of additional regulatory obligations arising from these workstreams may adversely affect the Group's Position.

- Physical banking: The ACCC has granted interim authorisation to the ABA, its member banks, and other relevant industry participants to discuss and develop arrangements to maintain the physical distribution of cash throughout the Australian economy and to implement certain business continuity measures. The authorisation applications by the ABA followed concerns expressed by the major supplier of cash-in-transit services in Australia, Armaguard, that the industry is not sustainable in its current form given the declining use of cash. Disruptions to cash-in-transit services could have a material impact on the Group's ability to provide cash to customers. Measures concerning cash-in-transit (which could include business continuity measures) could result in increased costs to the Group. In addition, the Senate Rural and Regional Affairs and Transport References Committee is conducting an inquiry into branch closures in regional areas, with its final report due in May 2024. The result of such inquiry may include recommendations that the Australian government impose standards on banks concerning their presence in regional and rural areas. Recommendations of the Committee may be relevant to the operation and nature of the Group's branch network, potentially increasing its costs.

- Financial Accountability Regime: Since 15 March 2024 ANZGHL and ANZBGL have been accountable entities directly regulated by the Financial Accountability Regime (the "FAR"). Under the FAR each of ANZGHL, ANZBGL and certain individuals, including senior executives and directors, are subject to or impacted by new or heightened accountability obligations. From 15 March 2025 any insurers or licensed superannuation trustees within the Group will also be accountable entities directly regulated by the FAR and subject to or impacted by those new or heightened accountability obligations. Potential risks to the Group include the risk of penalties and the risk to the Group's ability to attract and retain directors and senior executives.

Other 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 a conduct regime for financial institutions, a climate related financial risk disclosure regime, a consumer data right and the replacement of the existing prudential supervision regime for banks with a deposit takers regime, including a depositor compensation scheme. Such changes may adversely affect the ANZ Bank New Zealand Group, potentially impacting its corporate structures, businesses, strategies, capital, liquidity, funding and profitability, cost structures, and the cost of and access to credit for its customers and the wider economy. This in turn 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 31 March 2024 in respect of the matters outlined in Note 17 of the Condensed Consolidated Financial Statements (attached as part of the Annex to this U.S. Disclosure Document). Note 17 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, may 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 (including an investigation by ASIC into suspected contraventions in connection with ANZBGL's execution of a 2023 issuance of 10 year treasury bonds by the Australian Office of Financial Management), 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 that 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 had 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. In May 2024, the Australian Government commenced further consultation on these reforms. 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 undertaken a review of its Anti-Money Laundering and Countering Financing of Terrorism Act 2009 ("AML/CFT Act"). The first of three tranches of regulations were introduced in July 2023 (consisting of 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, Australia and New Zealand 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 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 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 ("FI"), including the Group, with global customer tax transparency regimes, under the FATCA, the Organisation for Economic Co-operation and Development's ("OECD") 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 to implement 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 continuing effects of 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 license 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.

Environmental, social and governance risks

22. 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 ESG 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 24 "*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, environmental protection and land access and 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 ESG 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.

23. 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. Effectiveness of the Group's risk management framework is not fully assured. 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 or give full assurance 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.

24. 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. 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, as well as recent flooding events in Queensland during December 2023. Similar events have occurred in New Zealand in recent years such as Cyclone Gabrielle in February 2023 and severe flooding in 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.

Internal control, operations and reputational risk

25. Non-financial risk events may adversely affect the Group's Position

Non-financial risk is the risk of loss and/or non-compliance (including failure to act in accordance with laws, regulations, industry standards and codes, and internal policies) resulting from inadequate or failed internal processes, people, system and/or data, or from external events. This includes operational risk and the risk of reputation loss but excludes strategic risk.

Non-financial 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 29 "*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 28 "*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 30 "*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 31 "*Data management risks may adversely affect the Group's Position*";
- model (the potential for adverse consequences from model errors based on the design, development, use and/or report of a model to inform business decisions). See risk factor 32 "*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 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.

Pursuant to APRA and RBNZ requirements, the Group and ANZ Bank New Zealand Group must 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, including in the Group's operations, 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 tested and refined during the pandemic, and remain subject to ongoing review, impacts to system/service availability still have the ability to impact the Group's Position from a reputational, financial, customer 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 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.

26. 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.

27. 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.

28. 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 and/or 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*".

29. 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 Bank 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 has highlighted that these arrangements must cater for vast and 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 30 "*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.

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

The digital world is constantly evolving, with both positive innovation and new threats. As a result, the Group recognises that the risk of a cyber event or data loss remains a significant concern for its businesses. Cyber threats continue to increase in sophistication, persistence, scale, frequency and impact. Threats include but are not limited to: business email compromise, ransomware, distributed denial of service, data breaches and third-party exposures. Cyber-attacks have the potential to cause financial system instability and could result in serious disruption to customer banking services or compromise customer data privacy. As both the scale and complexity of such attacks are increasing, there is always a risk that countermeasures and layers of defence to adequately mitigate risks may not be sufficient and that sensitive information may be inadvertently exposed.

The Group has noted increased external occurrences of ransomware and third-party data breaches, ongoing volatility in the global political landscape and the security implications of wide-spread adoption of AI. Intense public response to cyber-attacks has led to increased political focus with the potential for future significant increases in penalties for privacy breaches. Should the Group be the target of such an attack, then in addition to the risks discussed above, there is a risk of reputational damage in light of the public response to such an attack and/or penalties imposed by a regulator, which may materially adversely affect the Group's operations. The regulatory landscape is also evolving with additional local and international regulator focus on information security, including the release of the 2023-2030 Australian Cyber Security Strategy and subsequent discussions and consultation on legislative reforms.

A focus on information security is key to protecting the confidentiality, integrity or availability of systems and data. The Group as part of its global banking operations handles and stores a considerable amount of personal and confidential information about its customers and its own internal processes, across the multiple geographies in which the Group operates. This information is processed and stored on both internal and third-party hosted environments. As such, weaknesses in key security policies or controls operated by the Group or third parties engaged by the Group could result in the loss of data or other personal or sensitive information and adversely affect the Group's business by resulting in financial losses (including costs relating to notifying and compensating customers), regulatory investigations, sanctions or reputational harm, thus affecting the Group's Position.

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

Data management refers to a set of processes and procedures used to manage data, including sensitive data, such as customer data, employee data and the Group's proprietary data. Specifically, the development, execution and oversight of plans, policies and practices that deliver, control, protect and enhance the value of the Group's data and information assets through their lifecycles. Data management risk is the risk of failing to achieve these objectives.

Deficiencies in data management can be attributed to: data captured, produced or processed does not meet data quality requirements, is unavailable or is not fit for purpose; data ownership accountabilities are not adequately executed upon; data integrity is not preserved throughout the data lifecycle; context and meaning of the data are not sufficiently understood, because the data is not clearly articulated, categorized and/or classified; critical data has inadequate controls in place, has not been adequately identified, or does not meet data quality and data lineage requirements; and data quality issues are not detected and responded to in a timely manner.

Deficiencies in data management can result in ineffective risk management practices and inaccurate risk reporting. In addition, failure to comply with data management obligations, including regulatory obligations may cause the Group to incur losses or result in regulatory action, which may adversely impact the Group's Position.

32. 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 prove to be inadequately designed, implemented, used or maintained or if they are based on incorrect assumptions or inputs, this may adversely impact the Group's Position.

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$0.6524 = A$1.00, the Noon Buying Rate on 29 March 2024.

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			Half Year		
	Mar 24	Sep 23	Mar 23	**Mar 24**	Sep 23	Mar 23
Chinese Renminbi	**4.7035**	4.7265	4.6079	**4.7167**	4.7137	4.6763
Euro	**0.6040**	0.6112	0.6158	**0.6054**	0.6076	0.6409
Pound Sterling	**0.5157**	0.5286	0.5419	**0.5216**	0.5255	0.5618
Indian Rupee	**54.256**	53.723	55.188	**54.403**	54.530	55.069
Indonesian Rupiah	**10,331**	10,017	10,051	**10,235**	9,952	10,315
Japanese Yen	**98.515**	96.409	89.280	**96.880**	93.079	91.664
Malaysian Ringgit	**3.0773**	3.0319	2.9598	**3.0822**	3.0262	3.0018
New Taiwan Dollar	**20.829**	20.876	20.425	**20.702**	20.632	20.696
New Zealand Dollar	**1.0903**	1.0742	1.0679	**1.0761**	1.0814	1.0877
Papua New Guinean Kina	**2.4549**	2.3692	2.3634	**2.4413**	2.3598	2.3589
United States Dollar	**0.6508**	0.6468	0.6712	**0.6543**	0.6615	0.6699

For the March 2024 half, 39% of the Group’s operating income was derived from the New Zealand and Rest of World geographic regions (Sep 23 half: 38%; Mar 23 half: 39%).

Operating income from the New Zealand and Rest of World 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		
Half year ended	**Mar 24**	Sep 23	Mar 23
Chinese Renminbi	**0%**	1%	-1%
Euro	**0%**	-5%	-5%
Pound Sterling	**-1%**	-6%	-2%
Indian Rupee	**0%**	-1%	0%
Indonesian Rupiah	**3%**	-4%	0%
Japanese Yen	**4%**	2%	-2%
Malaysian Ringgit	**2%**	1%	-3%
New Taiwan Dollar	**0%**	0%	-1%
New Zealand Dollar	**3%**	-1%	-2%
Papua New Guinean Kina	**-1%**	0%	-4%
United States Dollar	**-1%**	-1%	-4%

[1] *Movement is based on comparison of the half year average exchange rate to the immediately preceding half 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

The following discussion is based on the Condensed Consolidated Financial Statements (attached to this U.S. Disclosure Document as the Annex) prepared under AASs (refer to “Section 1: Key Information - Basis of Preparation” for a description of AASs).

The Group’s results for the past three half years are summarised below and are also discussed under the headings of “Analysis of major income and expense items” and “Results by division”, which follow.

CONDENSED GROUP INCOME STATEMENT INFORMATION

	Half Year		
	Mar 24 $M	**Sep 23 $M**	**Mar 23 $M**
Net interest income	**7,900**	8,071	8,497
Other operating income[1]	**2,248**	2,248	1,662
Operating income	**10,148**	10,319	10,159
Operating expenses	**(5,179)**	(5,101)	(4,986)
Profit before credit impairment and income tax	**4,969**	5,218	5,173
Credit impairment (charge)/release	**(70)**	(112)	(133)
Profit before income tax	**4,899**	5,106	5,040
Income tax expense	**(1,435)**	(1,495)	(1,450)
Non-controlling interests	**(14)**	(14)	(14)
Profit attributable to shareholders of the Company	**3,450**	3,597	3,576

1. *Includes Other operating income, Net income from insurance business and Share of associates’ profit/(loss) as presented in the Condensed Consolidated Income Statement (attached to this U.S. Disclosure Document as part of the Annex).*

Group results

Comparison of March 2024 with March 2023

Profit decreased $126 million (4%) compared with the March 2023 half mainly due to:

- Net interest income decreased $597 million (7%) driven by a 20 bps decrease in net interest margin, partially offset by a $43.0 billion increase in average interest earning assets. The net interest margin decreased from 175 bps to 155 bps driven by pricing competition in the Australia Retail, Australia Commercial and New Zealand divisions, a decrease in Markets net interest income driven by higher funding costs, primarily on commodity assets, where the related revenues are recognised as Other operating income, unfavourable asset and funding mix, and higher wholesale funding rates. This was partially offset by higher earnings on capital and replicating deposits, and favourable deposit margins. The increase in average interest earning assets was driven by higher average trading assets and investment securities, and net loans and advances. Refer to “Analysis of Major Income and Expense Items” on pages 44 and 45 for further details on key movements.
- Other operating income increased $586 million (35%) driven by higher Markets other operating income from more favourable trading conditions and increased customer activities ($291 million), net favourable unrealised mark-to-market movements on economic hedges and revenue and expense hedges ($187 million), unfavourable valuation adjustments in the March 2023 half from investments measured at fair value through profit or loss ($49 million), and a loss on reclassification of data centres in Australia to held for sale in March 2023 half ($43 million). Refer to “Analysis of Major Income and Expense Items” on pages 46 to 47 for further details on key movements.
- Operating expenses increased $193 million (4%) driven by higher personnel expenses ($156 million), higher restructuring expenses ($87 million), and higher technology expenses ($55 million), partially offset by lower other expenses ($100 million) benefitting from productivity initiatives. Refer to “Analysis of Major Income and Expense Items” on page 48 for further details on key movements.
- Credit impairment charge decreased $63 million (47%) driven by a decrease in the collectively assessed credit impairment charge, partially offset by an increase in the individually assessed credit impairment charge due to lower write-backs. Refer to “Analysis of Major Income and Expense Items” on pages 49 and 50 for further details on key movements.

Comparison of March 2024 with September 2023

Profit decreased $147 million (4%) compared with the September 2023 half mainly due to:

- Net interest income decreased $171 million (2%) driven by a 10 bps decrease in net interest margin, partially offset by a $38.4 billion increase in average interest earning assets. The net interest margin decreased from 165 bps to 155 bps driven by a decrease in Markets net interest income driven by higher funding costs, primarily on commodity assets where the related revenues are recognised as Other operating income, pricing competition in the Australia Retail and Australia Commercial divisions, and higher wholesale funding rates. This was partially offset by higher earnings on capital and replicating deposits. The increase in average interest earning assets was driven by higher average trading assets and investment securities, and net loans and advances. Refer to “Analysis of Major Income and Expense Items” on pages 44 and 45 for further details on key movements.
- Other operating income remained flat as higher Markets other operating income from more favourable trading conditions and increased customer activities ($338 million) was offset by net unfavourable unrealised mark-to-market movements on economic hedges and revenue and expense hedges ($157 million), lower net fee and commission income ($56 million), a decrease in share of associates’ profit ($29 million), and a number of smaller items. Refer to “Analysis of Major Income and Expense Items” on pages 46 to 47 for further details on key movements.
- Operating expenses increased $78 million (2%) driven by higher personnel expenses ($192 million), higher technology expenses ($31 million) and higher restructuring expenses ($26 million), partially offset by lower other expenses ($168 million) benefitting from productivity initiatives and the

Compensation Scheme of Last Resort Levy (“CSLR Levy”) incurred in the September 2023 half. Refer to “Analysis of Major Income and Expense Items” on page 48 for further details on key movements.

- Credit impairment charge decreased $42 million (38%) driven by a decrease in the individually assessed credit impairment charge due to higher write-backs and lower impairment, and a decrease in the collectively assessed credit impairment charge. Refer to “Analysis of Major Income and Expense Items” on pages 49 and 50 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.

	Half Year		
Group	**Mar 24 $M**	**Sep 23 $M**	**Mar 23 $M**
Net interest income[1]	**7,900**	8,071	8,497
Average interest earning assets[2]	**1,016,258**	977,856	973,212
Average deposits and other borrowings[2]	**860,229**	823,953	826,279
Net interest margin (%)	**1.55**	1.65	1.75
Group (excluding Markets business unit)			
Net interest income	**7,964**	8,051	8,333
Average interest earning assets[2]	**685,263**	684,569	687,803
Average deposits and other borrowings[2]	**650,563**	627,657	629,092
Net interest margin (%)	**2.32**	2.35	2.43

	Half Year		
Net interest margin by major divisions	**Mar 24 $M**	**Sep 23 $M**	**Mar 23 $M**
Australia Retail			
Net interest margin (%)	**1.94**	2.06	2.38
Average interest earning assets[2]	**269,406**	260,946	253,743
Average deposits and other borrowings[2]	**168,912**	159,786	152,392
Australia Commercial[3]			
Net interest margin (%)	**2.60**	2.67	2.72
Average interest earning assets[2]	**63,623**	61,398	60,860
Average deposits and other borrowings[2]	**115,357**	112,368	113,276
Institutional (excluding Markets business unit)			
Net interest margin (%)[4]	**2.39**	2.36	2.26
Average interest earning assets[2]	**162,856**	164,845	168,925
Average deposits and other borrowings[2]	**159,851**	159,295	158,718
New Zealand			
Net interest margin (%)	**2.56**	2.60	2.67
Average interest earning assets[2]	**122,613**	120,377	118,639
Average deposits and other borrowings[2]	**106,417**	102,479	102,113

1. *Includes the Major Bank Levy of -$192 million for the March 2024 half (Sep 23 half: -$178 million; Mar 23 half: -$175 million).*
2. *Averages are calculated using predominantly daily averages.*
3. *Australia Commercial division generates positive net interest income from surplus deposits held. Accordingly, $58.1 billion of average deposits for the March 2024 half (Sep 23 half: $57.6 billion; Mar 23 half: $59.3 billion) have been included with average net interest earning assets for the net interest margin calculation to align with internal management reporting view.*
4. *Net interest margin for the Institutional division including the Markets business unit was 0.76% for the March 2024 half (Sep 23 half: 0.86%; Mar 23 half: 0.91%).*

Comparison of March 2024 with March 2023

The decrease in net interest income of $597 million (7%) was driven by:

Net interest margin (-20 bps)

- Assets pricing (-11 bps): driven by pricing competition in the Australia Retail, Australia Commercial and New Zealand divisions.
- Deposits pricing (+1 bps): driven by favourable deposit margins, partially offset by lower margin on term deposits.
- Assets and funding mix (-3 bps): driven by unfavourable deposit mix with a shift towards lower margin term deposits, and increased term wholesale funding relative to customer deposits. This was partially offset by favourable asset mix in the Australia Retail division, and favourable divisional mix primarily driven by higher contribution by the Australia Commercial division.
- Capital and replicating portfolio (+6 bps): driven by higher interest rates, partially offset by lower volumes.
- Wholesale funding (-2 bps): driven by higher wholesale funding rates, including the impact of the partial maturity of the Term Funding Facility (“TFF”).
- Markets activities (-11 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, and higher liquid assets held in Markets.

Average interest earning assets

Average interest earning assets increased $43.0 billion (4 %) driven by:

- Average trading assets and investment securities increased $26.6 billion (21%) driven by higher liquid assets and the impact of foreign currency translation.
- Average net loans and advances increased $15.1 billion or (2%) driven by lending growth across the Australia Retail, Australia Commercial, and New Zealand divisions and the impact of foreign currency translation. This was partially offset by a decrease in the Institutional division.
- Average cash and other liquid assets increased $1.4 billion (1%) driven by higher reverse repurchase agreements and higher settlement balances owed to ANZ, partially offset by lower central bank balances.

Average deposits and other borrowings

- Average deposits and other borrowings increased $34.0 billion (4%) driven by higher term deposits, certificates of deposit, commercial paper, and the impact of foreign currency translation. This was partially offset by lower at-call deposits.

Comparison of March 2024 with September 2023

The decrease in net interest income of $171 million (2%) was driven by:

Net interest margin (-10 bps)

- Assets pricing (-4 bps): driven by pricing competition in the Australia Retail and Australia Commercial divisions.
- Deposits pricing (0 bps): driven by favourable at-call deposit margins, offset by lower margin on term deposits.
- Assets and funding mix (-1 bps): driven by unfavourable deposit mix with a shift towards lower margin term deposits, partially offset by favourable asset mix in the Australia Retail division, and favourable divisional mix primarily driven by higher contribution by the Australia Commercial division.
- Capital and replicating portfolio (+3 bps): driven by higher interest rates, partially offset by lower volumes.
- Wholesale funding (-1 bps): driven by higher wholesale funding rates, including the impact of the partial maturity of the TFF.
- Markets activities (-7 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, and higher liquid assets held in Markets.

Average interest earning assets

Average interest earning assets increased $38.4 billion (4%) driven by:

- Average trading assets and investment securities increased $25.6 billion (20%) driven by higher Markets activities and the impact of foreign currency translation.
- Average net loans and advances increased $13.8 billion (2%) driven by lending growth across the Australia Retail, Australia Commercial, and New Zealand divisions and the impact of foreign currency translation.
- Average cash and other liquid assets decreased $0.9 billion driven by lower central bank balances, partially offset by higher reverse repurchase agreements, and higher settlement balances owed to ANZ.

Average deposits and other borrowings

- Average deposits and other borrowings increased $36.3 billion (4%) driven by growth in term deposits, at-call deposits, commercial paper, and the impact of foreign currency translation.

Other operating income

	Half Year		
	Mar 24 $M	**Sep 23 $M**	**Mar 23 $M**
Net fee and commission income[1]	**910**	966	889
Markets other operating income	**1,276**	938	985
Share of associates' profit/(loss)	**96**	125	100
Economic hedges[2]	**(277)**	(36)	(269)
Revenue and expense hedges[3]	**75**	(9)	(120)
Other[1,4]	**168**	264	77
Total other operating income[5]	**2,248**	2,248	1,662
Markets income			
Net interest income[6]	**(64)**	20	164
Other operating income[6]	**1,276**	938	985
Total Markets income	**1,212**	958	1,149

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 Condensed Consolidated Income Statement (attached to this U.S. Disclosure Document as part of the Annex).*
6. *Net interest income included funding costs in the Franchise trading book, primarily on commodity assets, where the related revenue is recognised as Other operating income.*

Comparison of March 2024 with March 2023

Other operating income increased $586 million (35%). Key factors affecting the result were:

Net fee and commission income

Net fee and commission income increase $21 million (2%) driven by:

- $16 million increase in the Institutional division (excluding Markets) driven by higher transaction activity in Corporate Finance.
- $12 million increase in the Australia Retail division driven by higher cards revenue.
- $16 million decrease in the Australia Commercial division driven by a decrease in non-lending fees.

Markets income

Markets income increased $63 million (5%) with a $291 million increase in Other operating income, partially offset by a $228 million decrease in Net interest income. The decrease in Net interest income was driven by higher funding costs in the Franchise trading book, primarily on commodity assets, where the related customer revenues are recognised as Other operating income. The net $63 million increase was attributable to the following business activities:

- $112 million increase in Franchise Revenue was driven by Rates, Commodities, and Credit and Capital Markets, partially offset by Foreign Exchange. Rates revenue increased due to higher customer demand for hedging and financing solutions, and trading gains amid lower interest rate volatility. Commodities revenue increased due to more favourable trading conditions and sustained customer demand for hedging solutions, notably precious metals. Credit and Capital Markets revenue increased due to increased customer issuance activity in a more stable environment, and credit spreads generally tightened resulting in trading gains. This was partially offset by a decrease in Foreign Exchange revenue as moderating volatility and less directional trends in key currency pairs than the March 2023 half resulted in reduced customer demand and lower trading gains.
- $23 million increase in Derivative Valuation Adjustments from gains (net of hedges) from tightening credit and funding spreads, and lower currency and interest rate volatility.
- $72 million decrease in Balance Sheet arising from lower net interest income from fewer short-term interest rate increases than the March 2023 half.

Share of associates' profit/(loss)

- Share of associates' profit/(loss) decreased $4 million (4%) driven by a decrease in P.T. Bank Pan Indonesia ("PT Panin") ($25 million), partially offset by an increase in AmBank.

Economic hedges

Economic hedges income decreased $8 million (3%) driven by:

- For the March 2024 half, losses on economic hedges relate to funding-related swaps, principally from narrowing USD/EUR currency basis spreads. Further losses were driven by the yield curve movement impact on net pay fixed economic hedge positions.
- For the March 2023 half, losses on economic hedges relate to funding related swaps, principally from narrowing USD/EUR currency basis spreads and from the strengthening of AUD and NZD against USD. Further losses were driven by falling AUD yield curves on net pay fixed swap positions.

Revenue and expense hedges

Revenue and expense hedges income increased $195 million driven by:

- For the March 2024 half, the gain on revenue and expense hedges was mainly due to the appreciation of AUD against the NZD.
- For the March 2023 half, the loss on revenue and expense hedges was mainly due to the depreciation of AUD against the NZD.

Other

Other income increased $91 million driven by:

- $75 million increase in the Group Centre division driven by:
  - $49 million increase from unfavourable valuation adjustments in the March 2023 half from investments measured at fair value through profit or loss,
  - $43 million increase from a loss on disposal of data centres in Australia in the March 2023 half,
  - $20 million increase from a gain on recycling of FCTR from other comprehensive income to profit or loss on dissolution of a number of international entities, partially offset by
  - $21 million decrease from a loss on partial disposal of investment in AmBank.
- $10 million increase in the Australia Commercial division driven by higher income for services provided to Worldline.

Comparison of March 2024 with September 2023

Other operating income was flat. Key factors affecting the result were:

Net fee and commission income

Net fee and commission income decreased $56 million (6%) driven by:

- $64 million decrease in the Australia Retail division driven by lower cards revenue due to timing of recognition of cards incentives and seasonality of fees.
- $14 million decrease in the Australia Commercial division driven by a decrease in non-lending fees.
- $18 million increase in the Institutional division (excluding Markets) driven by higher transaction activity in Corporate Finance.

Markets income

Markets income increased $254 million (27%) with a $338 million increase in Other operating income, partially offset by an $84 million decrease in Net interest income. The decrease in Net interest income was driven by higher funding costs in the Franchise trading book, primarily on commodity assets, where the related customer revenues are recognised as Other operating income. The net $254 million increase was attributable to the following business activities:

- $199 million increase in Franchise Revenue across all business lines. Commodities revenue increased due to more favourable trading conditions and increased customer demand for hedging solutions, notably in precious metals. Credit and Capital Markets revenue increased due to higher customer issuance activity in a more stable environment, and credit spreads tightening over the half resulted in trading gains. Rates revenue increased due to higher customer demand for both hedging and financing solutions, and trading gains amid lower rates volatility. Foreign Exchange revenues increased amid favourable trading conditions, though moderating volatility and less directional trends in key currency pairs resulted in lower customer demand for hedging in certain geographies.
- $41 million increase in Derivative Valuation Adjustments from gains (net of hedges) from tightening credit and funding spreads, and lower currency and interest rate volatility.
- $14 million increase in Balance Sheet primarily driven by higher investment securities volumes.

Share of associates' profit/(loss)

- Share of associates' profit/(loss) decreased $29 million (23%) driven by a decrease in PT Panin ($36 million), partially offset by an increase in AmBank.

Economic hedges

Economic hedges income decreased $241 million driven by:

- For the March 2024 half, losses on economic hedges relate to funding-related swaps, principally from narrowing USD/EUR currency basis spreads. Further losses were driven by the yield curve movement impact on net pay fixed economic hedge positions.
- For the September 2023 half, losses on economic hedges were mainly due to the narrowing of AUD/USD and NZD/USD currency basis spreads.

Revenue and expense hedges

Revenue and expense hedges income increased $84 million driven by:

- For the March 2024 half, the gain on revenue and expense hedges was mainly due to the appreciation of AUD against the NZD.
- For the September 2023 half, the loss on revenue and expense hedges was mainly due to the weakening of the AUD against the USD.

Other

Other income decreased $96 million (36%) driven by:

- $79 million decrease in the Group Centre division driven by:
  - $23 million decrease from a favourable adjustment to the gain on sale relating to the completed UDC Finance divestment in the September 2023 half,
  - $23 million decrease from the lower gain from recycling of FCTR from other comprehensive income to profit or loss on dissolution of a number of international entities, and
  - $21 million decrease from a loss on partial disposal of investment in AmBank.
- $7 million decrease in Australia Commercial division driven by a gain on sale of Investment Lending business in the September 2023 half.

Operating expenses

	Half Year		
	Mar 24 $M	**Sep 23 $M**	**Mar 23 $M**
Personnel	**3,042**	2,850	2,886
Premises	**338**	341	343
Technology	**886**	855	831
Restructuring	**141**	115	54
Other	**772**	940	872
Total operating expenses	**5,179**	5,101	4,986
Total full time equivalent staff	**40,041**	40,119	39,603
Average full time equivalent staff	**40,168**	39,895	39,397

Comparison of March 2024 with March 2023

Operating expenses increased by $193 million (4%):

- Personnel expenses increased $156 million (5%) driven by inflationary impacts on wages and higher resourcing associated with strategic initiatives. This was partially offset by productivity and a decrease in employee leave provisions.
- Technology expenses increased $55 million (7%) driven by higher software licence costs, and inflationary impacts on vendor costs, partially offset by benefits from technology simplification.
- Restructuring expenses increased $87 million driven by operational changes across all divisions.
- Other expenses decreased $100 million (11%) driven by benefits from productivity initiatives.

Comparison of March 2024 with September 2023

Operating expenses increased by $78 million (2%):

- Personnel expenses increased $192 million (7%) driven by inflationary impacts on wages including an increase in employee leave provisions, partially offset by productivity initiatives.
- Technology expenses increased $31 million (4%) driven by higher software licence costs, and inflationary impacts on vendor costs, partially offset by benefits from technology simplification.
- Restructuring expenses increased $26 million (23%) driven by operational changes across all divisions.
- Other expenses decreased $168 million (18%) driven by benefits from productivity initiatives, the CSLR Levy incurred in the September 2023 half and seasonal factors.

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 1 of the Condensed Consolidated Financial Statements (attached to this U.S. Disclosure Document as part of the Annex) for further information.

Credit impairment charge/(release)

	Half Year		
	Mar 24 $M	**Sep 23 $M**	**Mar 23 $M**
Collectively assessed credit impairment charge/(release)	**32**	(11)	163
Individually assessed credit impairment charge/(release)	**38**	123	(30)
Total credit impairment charge/(release)	**70**	112	133

Credit impairment charge/(release) analysis

	Half Year		
	Mar 24 $M	**Sep 23 $M**	**Mar 23 $M**
New and increased provisions (net of releases)			
- Collectively assessed	**32**	(11)	163
- Individually assessed	**201**	239	237
Write-backs	**(85)**	(50)	(166)
Recoveries of amounts previously written-off	**(78)**	(66)	(101)
Total credit impairment charge/(release)	**70**	112	133

Credit impairment charge/(release) by division

	Half Year		
	Mar 24 $M	**Sep 23 $M**	**Mar 23 $M**
Collectively assessed			
Australia Retail	**(6)**	5	50
Australia Commercial	**9**	8	57
Institutional	**43**	(36)	5
New Zealand	**(10)**	20	66
Pacific	**(4)**	(7)	(15)
Group Centre	**-**	(1)	-
Total collectively assessed	**32**	(11)	163
Individually assessed			
Australia Retail	**49**	48	32
Australia Commercial	**26**	33	9
Institutional	**(49)**	30	(79)
New Zealand	**14**	17	9
Pacific	**(2)**	(5)	(1)
Group Centre	**-**	-	-
Total individually assessed	**38**	123	(30)
Total credit impairment charge/(release)			
Australia Retail	**43**	53	82
Australia Commercial	**35**	41	66
Institutional	**(6)**	(6)	(74)
New Zealand	**4**	37	75
Pacific	**(6)**	(12)	(16)
Group Centre	**-**	(1)	-
Total credit impairment charge/(release)	**70**	112	133

Credit impairment charge/(release) by division, cont'd

	Collectively assessed				Individually assessed			
March 2024 Half 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	13	(42)	23	**(6)**	91	(42)	**49**	**43**
Australia Commercial	10	(9)	8	**9**	58	(32)	**26**	**35**
Institutional	-	9	34	**43**	21	(70)	**(49)**	**(6)**
New Zealand	11	(30)	9	**(10)**	30	(16)	**14**	**4**
Pacific	2	(2)	(4)	**(4)**	1	(3)	**(2)**	**(6)**
Group Centre	-	-	-	**-**	-	-	**-**	**-**
Total	36	(74)	70	**32**	201	(163)	**38**	**70**
September 2023 Half Year								
Australia Retail	12	13	(20)	**5**	98	(50)	**48**	**53**
Australia Commercial	59	(54)	3	**8**	65	(32)	**33**	**41**
Institutional	36	(63)	(9)	**(36)**	42	(12)	**30**	**(6)**
New Zealand	(1)	18	3	**20**	32	(15)	**17**	**37**
Pacific	5	(5)	(7)	**(7)**	2	(7)	**(5)**	**(12)**
Group Centre	(1)	-	-	**(1)**	-	-	**-**	**(1)**
Total	110	(91)	(30)	**(11)**	239	(116)	**123**	**112**
March 2023 Half Year								
Australia Retail	(39)	78	11	**50**	94	(62)	**32**	**82**
Australia Commercial	(2)	75	(16)	**57**	62	(53)	**9**	**66**
Institutional	43	(31)	(7)	**5**	57	(136)	**(79)**	**(74)**
New Zealand	(2)	58	10	**66**	21	(12)	**9**	**75**
Pacific	(1)	(8)	(6)	**(15)**	3	(4)	**(1)**	**(16)**
Group Centre	-	-	-	**-**	-	-	**-**	**-**
Total	(1)	172	(8)	**163**	237	(267)	**(30)**	**133**

Collectively assessed credit impairment charge/(release)

- **Comparison of March 2024 with March 2023**

  The collectively assessed impairment charge of $32 million for the March 2024 half was driven by deterioration in the credit risk profile across all divisions, deterioration in economic outlook and portfolio growth, partially offset by reduction in management temporary adjustments as anticipated risks are now represented in portfolio credit profiles.

  The collectively assessed impairment charge of $163 million for the March 2023 half was driven by deterioration in economic outlook, a net increase in management temporary adjustments, and deterioration in credit risk. This was partially offset by an improvement in portfolio composition, particularly in the Institutional division.

- **Comparison of March 2024 with September 2023**

  The collectively assessed credit impairment charge of $32 million for the March 2024 half was driven by deterioration in the credit risk profile across all divisions, deterioration in economic outlook and portfolio growth, partially offset by reduction in management temporary adjustments as anticipated risks are now represented in portfolio credit profiles.

  The collectively assessed credit impairment release of $11 million for the September 2023 half was driven by a net reduction in management temporary adjustments, and an improvement in portfolio composition, particularly in the Institutional division. This was partially offset by deterioration in economic outlook, and deterioration in credit risk.

Individually assessed credit impairment charge/(release)

- **Comparison of March 2024 with March 2023**

  The individually assessed credit impairment charge increased $68 million driven by increases in the Institutional division due to a large number of write-backs in the March 2023 half partially offset by lower impairments ($30 million), the Australia Retail division due to lower write-backs in the home loan portfolio and lower recoveries in the unsecured portfolios ($17 million), and the Australia Commercial division due to lower write-backs in the SME Banking portfolio ($17 million).

- **Comparison of March 2024 with September 2023**

  The individually assessed credit impairment charge decreased $85 million (69%) driven by the Institutional division due to lower impairments and higher write-backs and recoveries ($79 million), and the Australia Commercial and New Zealand divisions due to lower impairments ($10 million).

Allowance for expected credit losses[1]

	As at		
	Mar 24 $M	**Sep 23 $M**	**Mar 23 $M**
Collectively assessed allowance for ECL	**4,046**	4,032	4,040
Individually assessed allowance for ECL	**325**	376	421
Total allowance for ECL	**4,371**	4,408	4,461
Net loans and advances at amortised cost	**3,489**	3,546	3,658
Off-balance sheet commitments - undrawn and contingent	**849**	827	774
Investment securities - debt securities at amortised cost	**33**	35	29
Total allowance for ECL	**4,371**	4,408	4,461

Allowance for expected credit losses by division[1]

	As at		
	Mar 24 $M	**Sep 23 $M**	**Mar 23 $M**
Collectively assessed			
Australia Retail	**948**	954	949
Australia Commercial	**1,050**	1,041	1,033
Institutional	**1,458**	1,425	1,451
New Zealand	**542**	560	543
Pacific	**48**	52	63
Group Centre	**-**	-	1
Total collectively assessed	**4,046**	4,032	4,040
Individually assessed			
Australia Retail	**61**	63	68
Australia Commercial	**121**	127	149
Institutional	**88**	126	129
New Zealand	**38**	40	47
Pacific	**17**	20	28
Group Centre	**-**	-	-
Total individually assessed	**325**	376	421
Allowance for ECL			
Australia Retail	**1,009**	1,017	1,017
Australia Commercial	**1,171**	1,168	1,182
Institutional	**1,546**	1,551	1,580
New Zealand	**580**	600	590
Pacific	**65**	72	91
Group Centre	**-**	-	1
Total allowance for ECL	**4,371**	4,408	4,461

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 March 2024	**Stage 1 $M**	**Stage 2 $M**	**Stage 3 $M**	**Total $M**	**Stage 3 $M**	**Total $M**
Australia Retail	131	631	186	**948**	61	**1,009**
Australia Commercial	420	522	108	**1,050**	121	**1,171**
Institutional	1,197	218	43	**1,458**	88	**1,546**
New Zealand	148	315	79	**542**	38	**580**
Pacific	22	19	7	**48**	17	**65**
Group Centre	-	-	-	**-**	-	**-**
Total	1,918	1,705	423	**4,046**	325	**4,371**
As at September 2023						
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 March 2023						
Australia Retail	107	660	182	**949**	68	**1,017**
Australia Commercial	350	586	97	**1,033**	149	**1,182**
Institutional	1,159	274	18	**1,451**	129	**1,580**
New Zealand	141	333	69	**543**	47	**590**
Pacific	16	28	19	**63**	28	**91**
Group Centre	1	-	-	**1**	-	**1**
Total	1,774	1,881	385	**4,040**	421	**4,461**

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 March 2024 with March 2023

- Total allowance for ECL decreased $90 million (2%) driven by a $96 million decrease in the individually assessed allowance for ECL, partially offset by a $6 million increase in the collectively assessed allowance for ECL. The decrease in individually assessed allowance for ECL was driven by decreases across all divisions as new provisions remained low, and continued write-back and recovery activity. The increase in collectively assessed allowance for ECL was driven by $199 million from deterioration in credit risk profile across all divisions, $76 million from deterioration in economic outlook particularly in the September 2023 half, and $35 million from portfolio growth. This was partially offset by a $289 million reduction in management temporary adjustments as anticipated risks are now represented in portfolio credit profiles, and $15 million reduction from foreign currency translation and other impacts.

Comparison of March 2024 with September 2023

- Total allowance for ECL decreased $37 million (1%) driven by a $51 million decrease in the individually assessed allowance for ECL, partially offset by a $14 million increase in the collectively assessed allowance for ECL. The decrease in individually assessed allowance for ECL was predominantly driven by the Institutional division as new provisions remained low, and continued write-back and recovery activity. The increase in collectively assessed allowance for ECL was driven by $169 million from deterioration in credit risk, $63 million from portfolio growth, and $5 million from deterioration in economic outlook. This was partially offset by a $205 million reduction in management temporary adjustments as anticipated risks are now represented in portfolio credit profiles, and $18 million from foreign currency translation and other impacts.

Gross impaired assets

	As at		
	Mar 24 $M	Sep 23 $M	Mar 23 $M
Gross impaired assets			
Impaired loans[1]	**880**	1,037	804
Restructured items[2]	**589**	437	382
Non-performing commitments, contingencies and derivatives[1]	**49**	47	24
Gross impaired assets	**1,518**	1,521	1,210
Gross impaired assets by division			
Australia Retail	**669**	520	415
Australia Commercial	**261**	248	288
Institutional	**437**	562	302
New Zealand	**119**	122	100
Pacific	**32**	69	105
Gross impaired assets	**1,518**	1,521	1,210
Gross impaired assets by size of exposure			
Less than $10 million	**1,095**	999	956
$10 million to $100 million	**262**	113	123
Greater than $100 million	**161**	409	131
Gross impaired assets	**1,518**	1,521	1,210
Individually assessed provisions			
Impaired loans	**(320)**	(366)	(414)
Non-performing commitments, contingencies and derivatives	**(5)**	(10)	(7)
Net impaired assets	**1,193**	1,145	789

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 wholesale and retail 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 March 2024 with March 2023

- Gross impaired assets increased $308 million (25%) driven by increases in the Australia Retail division due to increase in restructured home loan facilities ($254 million), and the Institutional division due to the downgrade of several single name collateralised exposures in the September 2023 half ($135 million). This was partially offset by decreases in the Pacific division due to upgrade of restructured exposures ($73 million), and the Australia Commercial division due to low impairments in the current period ($27 million).

Comparison of March 2024 with September 2023

- Gross impaired assets decreased $3 million driven by decreases in the Institutional division due to a customer upgrade and limit reduction on several customers ($125 million), and the Pacific division due to upgrade of restructured exposures ($37 million). This was offset by increases in the Australia Retail division due to increase in restructured home loan facilities ($149 million), and the Australia Commercial division due to downgrades in the SME Banking portfolio ($13 million).

The Group's individually assessed provision coverage ratio on impaired assets was 21.4% at 31 March 2024 (Sep 23: 24.7%; Mar 23: 34.8%).

New impaired assets

	Half Year		
	Mar 24 $M	**Sep 23 $M**	**Mar 23 $M**
New impaired assets			
Impaired loans[1]	**359**	627	405
Restructured items[2]	**269**	162	122
Non-performing commitments and contingencies[1]	**2**	40	11
Total new impaired assets	**630**	829	538
New impaired assets by division			
Australia Retail	**323**	276	221
Australia Commercial	**122**	93	93
Institutional	**98**	369	156
New Zealand	**84**	85	63
Pacific	**3**	6	5
Total new impaired assets	**630**	**829**	**538**

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 March 2024 with March 2023

- New impaired assets increased $92 million (17%) driven by increases in the Australia Retail division due to increase in restructured home loan facilities ($102 million), the Australia Commercial division due to increase in the SME Banking portfolio and well collateralised Agri exposures ($29 million), and the New Zealand division due to increases across all portfolios ($21 million). This was partially offset by the Institutional division with a lower number of downgrades occurring in the current period ($58 million).

Comparison of March 2024 with September 2023

- New impaired assets decreased $199 million (24%) driven by decreases in the Institutional division due to the downgrade of several single name collateralised exposures in the September 2023 half ($271 million). This was partially offset by increases in the Australia Retail division due to increase in restructured home loan facilities ($47 million), and the Australia Commercial division due to increase in the SME Banking portfolio and well collateralised Agri exposures ($29 million).

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		
	Mar 24 $M	**Sep 23 $M**	**Mar 23 $M**
Australia Retail	**2,250**	1,778	1,610
Australia Commercial	**357**	376	358
Institutional	**111**	22	19
New Zealand	**712**	610	470
Pacific	**58**	53	43
Group Centre	**2**	2	2
Total accruing loans - past due 90 days or more	**3,490**	2,841	2,502

Comparison of March 2024 with March 2023

- The accruing loans - past due 90 days or more increased by $988 million (39%) driven by home loan portfolios in the Australia Retail and New Zealand divisions.

Comparison of March 2024 with September 2023

- The accruing loans - past due 90 days or more increased by $649 million (23%) primarily driven by home loan portfolios in the Australia Retail and New Zealand divisions.

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 the 2023 Annual U.S. Disclosure Document as part of the Annex).

Income tax expense

	Half Year		
	Mar 24 $M	**Sep 23 $M**	**Mar 23 $M**
Income tax expense	**1,435**	1,495	1,450
Effective tax rate	**29.3%**	29.3%	28.8%
Australian corporate tax rate	**30.0%**	30.0%	30.0%

Comparison of March 2024 with March 2023

- The effective tax rate increased from 28.8% to 29.3%. The increase of 50 bps was driven by higher non-deductible interest on convertible instruments (55 bps), higher prior period adjustments (20 bps), lower offshore earnings that attract a lower rate of tax (11 bps), and higher withholding tax expense on foreign dividends (7 bps). This was partially offset by various other small items (43 bps).

Comparison of March 2024 with September 2023

- The effective tax rate remained flat at 29.3%. The increase from higher non-deductible interest on convertible instruments (25 bps), higher prior period adjustments (14 bps), and lower equity accounted earnings (13 bps), was offset by higher offshore earnings that attract a lower rate of tax (40 bps), and various other small items (12 bps).

CONDENSED BALANCE SHEET INFORMATION

	As at		
	Mar 24 $B	**Sep 23 $B**	**Mar 23 $B**
Assets			
Cash and cash equivalents / Settlement balances owed to ANZ / Collateral paid	**149.7**	186.1	225.1
Trading assets and investment securities	**160.0**	134.0	133.1
Derivative financial instruments	**47.5**	60.4	45.6
Net loans and advances	**715.8**	707.7	690.7
Other[1]	**17.1**	17.9	17.1
Total assets	**1,090.1**	1,106.1	1,111.6
Liabilities			
Settlement balances owed by ANZ / Collateral received	**22.4**	29.7	31.0
Deposits and other borrowings	**807.2**	815.2	843.1
Derivative financial instruments	**42.7**	57.5	46.2
Debt issuances	**127.1**	116.0	106.2
Other[2]	**20.5**	18.6	16.5
Total liabilities	**1,019.9**	1,037.0	1,043.0
Total shareholders' equity	**70.2**	69.1	68.6

1. *Other comprises Regulatory deposits, Investment in associates, Current tax assets, Deferred tax assets, Goodwill and other intangible assets, Premises and equipment, and Other assets as presented in the Condensed Consolidated Balance Sheet in the Condensed Consolidated Financial Statements (attached to this U.S. Disclosure Document as part of the Annex).*
2. *Other comprises Current tax liabilities, Deferred tax liabilities, Payables and other liabilities, Employee entitlements, and Other provisions as presented in the Condensed Consolidated Balance Sheet in the Condensed Consolidated Financial Statements (attached to this U.S. Disclosure Document as part of the Annex).*

Comparison of March 2024 with March 2023

- Cash / Settlement balances owed to ANZ / Collateral paid decreased $75.4 billion (33%) driven by decreases in balances with central banks ($60.9 billion), overnight interbank deposits ($10.6 billion), and settlement balances owed to ANZ ($3.2 billion).
- Trading assets and investment securities increased $26.9 billion (20%) driven by increases in short term and semi-government bonds.
- Net loans and advances increased $25.1 billion (4%) driven by increases in the Australia Retail ($21.8 billion) and New Zealand ($3.8 billion) divisions due to home loan growth, and the Australia Commercial division ($4.0 billion) due to higher lending volumes. This was partially offset by lower lending volumes in the Institutional division ($3.2 billion) and the impact of foreign currency translation.
- Settlement balances owed by ANZ / Collateral received decreased $8.6 billion (28%) primarily driven by a decrease in cash clearing accounts ($7.9 billion).
- Deposits and other borrowings decreased $35.9 billion (4%) driven by decreases in customer deposits in the Institutional division ($31.7 billion), deposits from banks and repurchase agreements ($29.6 billion), and certificates of deposit ($5.6 billion). This was partially offset by higher customer deposits in the Australia Retail ($15.9 billion), New Zealand ($3.8 billion) and Australia Commercial ($3.5 billion) divisions, an increase in commercial paper and other borrowings ($6.4 billion) and the impact of foreign currency translation.
- Debt issuances increased $20.9 billion (20%) driven by the issue of new senior and subordinated debt, including ANZ Capital Notes 9, partially offset by the redemption of ANZ Capital Notes 4.

Comparison of March 2024 with September 2023

- Cash / Settlement balances owed to ANZ / Collateral paid decreased $36.4 billion (20%) driven by decreases in balances with central banks ($20.1 billion), settlement balances owed to ANZ ($5.5 billion), overnight interbank deposits ($5.2 billion), reverse repurchase agreements ($4.4 billion) and the impact of foreign currency translation.
- Trading assets and investment securities increased $26.0 billion (19%) driven by increases in short term and semi-government bonds.
- Derivative financial assets and liabilities decreased $12.9 billion (21%) and $14.8 billion (26%) respectively driven by market rate movements, primarily decreases in USD swap rates and the depreciation of certain major currencies against the USD.
- Net loans and advances increased $8.1 billion (1%) driven by increases in the Australia Retail ($10.1 billion) and New Zealand ($1.6 billion) divisions due to home loan growth, and the Australia Commercial division ($2.3 billion) due to higher lending volumes. This was partially offset by lower lending volumes in the Institutional division ($3.3 billion) and the impact of foreign currency translation.
- Settlement balances owed by ANZ / Collateral received decreased $7.3 billion (25%) primarily driven by decreases in cash clearing accounts ($4.2 billion) and lower collateral received ($2.9 billion).
- Deposits and other borrowings decreased $8.0 billion (1%) driven by decreases in customer deposits in the Institutional division ($15.9 billion), deposits from banks and repurchase agreements ($10.8 billion), certificates of deposit ($2.8 billion) and the impact of foreign currency translation. This was partially offset by increases in commercial paper and other borrowings ($12.1 billion), and customer deposits in the Australia Retail ($7.5 billion), Australia Commercial ($3.1 billion) and New Zealand ($2.2 billion) divisions.
- Debt issuances increased $11.1 billion (10%) driven by the issue of new senior debt and subordinated debt, including ANZ Capital Notes 9, partially offset by the redemption of ANZ Capital Notes 4.

RESULTS BY DIVISION

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

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 where relevant disclosed as part of the income and expenses of these segments.

Restatement of prior period comparative information

- **Accounting standards adoption** - the Group adopted AASB 17 *Insurance Contracts* (“AASB 17”) on 1 October 2023 which established principles for the recognition, measurement, presentation, and disclosure of insurance contracts. Although the overall profit recognised in respect of insurance contracts will not change over the life of contracts, the timing of revenue recognition will change. The Group applied AASB 17 effective from 1 October 2022 and restated prior period comparative information. This resulted in a decrease in opening retained earnings of $37 million on 1 October 2022, an increase in profit after tax (Sep 23 half: nil; Mar 23 half: $8 million), an increase in total assets (Sep 23: $22 million; Mar 23: $36 million), and an increase in total liabilities (Sep 23: $51 million; Mar 23: $65 million) in the Australia Retail division. These adjustments were primarily driven by the impact of changes in the pattern of recognition of revenue on insurance contracts issued, changes in the pattern of recognition of the net cost of reinsurance, and the valuation of profit commissions on reinsurance contracts held.
- **Divisional results presentation** – divisional prior period comparative information was restated to reflect a number of cost reallocations across and within the divisions during the period, with no impact to Group results.

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.

March 2024 Half Year	Australia Retail $M	Australia Commercial $M	Institutional $M	New Zealand $M	Pacific $M	Group Centre $M	Group Total $M
Net interest income	2,608	1,580	1,882	1,572	63	195	7,900
Net fee and commission income	247	146	368	207	8	(13)	963
Net income from insurance business	48	-	-	-	-	-	48
Other income[1,2,3]	6	23	1,319	1	36	(42)	1,343
Share of associates’ profit/(loss)	-	-	-	-	-	96	96
Operating income[1,2,3]	2,909	1,749	3,569	1,780	107	236	10,350
Operating expenses	(1,735)	(763)	(1,444)	(677)	(70)	(490)	(5,179)
Cash profit before credit impairment and income tax[3]	1,174	986	2,125	1,103	37	(254)	5,171
Credit impairment (charge)/release	(43)	(35)	6	(4)	6	-	(70)
Cash profit before income tax[3]	1,131	951	2,131	1,099	43	(254)	5,101
Income tax expense[1,2,3]	(337)	(286)	(609)	(308)	(11)	59	(1,492)
Non-controlling interests	-	-	-	-	(1)	(13)	(14)
Cash profit/(loss)[3]	**794**	**665**	**1,522**	**791**	**31**	**(208)**	**3,595**
Economic hedges[1,3]							(197)
Revenue and expense hedges[2,3]							52
Profit after tax attributable to shareholders							**3,450**
Financial Position							
Total external assets	325,775	64,279	513,026	124,986	3,195	58,877	1,090,138
Total external liabilities	176,484	122,386	407,444	122,310	3,791	187,521	1,019,936

1. *The economic hedges cash profit adjustment relates to the Institutional, New Zealand and Group Centre divisions. In the Condensed Consolidated Income Statement (attached to this U.S. Disclosure Document as part of the Annex), these amounts are recognised in Other operating income (Mar 24 half: $277 million loss; Sep 23 half: $36 million loss; Mar 23 half: $269 million loss) and Income tax expense (Mar 24 half: $80 million benefit; Sep 23 half: $9 million benefit; Mar 23 half: $79 million benefit).*
2. *The revenue and expense hedges cash profit adjustment relates to the Group Centre division. In the Condensed Consolidated Income Statement (attached to this U.S. Disclosure Document as part of the Annex), these amounts are recognised in Other operating income (Mar 24 half: $75 million gain; Sep 23 half: $9 million loss; Mar 23 half: $120 million loss) and Income tax expense (Mar 24 half: $23 million loss; Sep 23 half: $3 million benefit; Mar 23 half: $36 million benefit).*
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.*

September 2023 Half Year	Australia Retail $M	Australia Commercial $M	Institutional $M	New Zealand $M	Pacific $M	Group Centre $M	Group Total $M
Net interest income	2,694	1,592	1,969	1,567	61	188	**8,071**
Net fee and commission income	311	160	339	199	9	(9)	**1,009**
Net income from insurance business	53	-	-	-	-	-	**53**
Other income[1,2,3]	10	30	982	11	36	37	**1,106**
Share of associates' profit/(loss)	-	-	-	-	-	125	**125**
Operating income[1,2,3]	3,068	1,782	3,290	1,777	106	341	**10,364**
Operating expenses	(1,758)	(738)	(1,388)	(665)	(71)	(481)	**(5,101)**
Cash profit before credit impairment and income tax[3]	1,310	1,044	1,902	1,112	35	(140)	**5,263**
Credit impairment (charge)/release	(53)	(41)	6	(37)	12	1	**(112)**
Cash profit before income tax[3]	1,257	1,003	1,908	1,075	47	(139)	**5,151**
Income tax expense[1,2,3]	(383)	(302)	(548)	(300)	(8)	34	**(1,507)**
Non-controlling interests	-	-	-	-	(2)	(12)	**(14)**
Cash profit/(loss)[3]	874	701	1,360	775	37	(117)	**3,630**
Economic hedges[1,3]							**(27)**
Revenue and expense hedges[2,3]							**(6)**
Profit after tax attributable to shareholders							**3,597**
Financial Position							
Total external assets	315,207	61,916	538,825	125,178	3,391	61,547	**1,106,064**
Total external liabilities	168,926	119,341	452,777	122,924	3,862	169,149	**1,036,979**

March 2023 Half Year	Australia Retail $M	Australia Commercial $M	Institutional $M	New Zealand $M	Pacific $M	Group Centre $M	Group Total $M
Net interest income	3,015	1,632	2,071	1,582	62	135	**8,497**
Net fee and commission income	235	162	346	199	10	(15)	**937**
Net income from insurance business	55	-	-	-	-	-	**55**
Other income[1,2,3]	6	13	1,027	-	30	(117)	**959**
Share of associates' profit/(loss)	-	-	-	-	-	100	**100**
Operating income[1,2,3]	3,311	1,807	3,444	1,781	102	103	**10,548**
Operating expenses	(1,703)	(685)	(1,340)	(634)	(74)	(550)	**(4,986)**
Cash profit before credit impairment and income tax[3]	1,608	1,122	2,104	1,147	28	(447)	**5,562**
Credit impairment (charge)/release	(82)	(66)	74	(75)	16	-	**(133)**
Cash profit before income tax[3]	1,526	1,056	2,178	1,072	44	(447)	**5,429**
Income tax expense[1,2,3]	(462)	(317)	(589)	(301)	(10)	114	**(1,565)**
Non-controlling interests	-	-	-	-	-	(14)	**(14)**
Cash profit/(loss)[3]	1,064	739	1,589	771	34	(347)	**3,850**
Economic hedges[1,3]							**(190)**
Revenue and expense hedges[2,3]							**(84)**
Profit after tax attributable to shareholders							**3,576**
Financial Position							
Total external assets	303,820	60,227	525,745	123,565	3,489	94,796	**1,111,642**
Total external liabilities	160,297	119,042	450,764	121,580	3,834	187,529	**1,043,046**

1. *The economic hedges cash profit adjustment relates to the Institutional, New Zealand and Group Centre divisions. In the Condensed Consolidated Income Statement (attached to this U.S. Disclosure Document as part of the Annex), these amounts are recognised in Other operating income (Mar 24 half: $277 million loss; Sep 23 half: $36 million loss; Mar 23 half: $269 million loss) and Income tax expense (Mar 24 half: $80 million benefit; Sep 23 half: $9 million benefit; Mar 23 half: $79 million benefit).*
2. *The revenue and expense hedges cash profit adjustment relates to the Group Centre division. In the Condensed Consolidated Income Statement (attached to this U.S. Disclosure Document as part of the Annex), these amounts are recognised in Other operating income (Mar 24 half: $75 million gain; Sep 23 half: $9 million loss; Mar 23 half: $120 million loss) and Income tax expense (Mar 24 half: $23 million loss; Sep 23 half: $3 million benefit; Mar 23 half: $36 million benefit).*
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

	Half Year		
Australia Retail	**Mar 24 $M**	**Sep 23 $M**	**Mar 23 $M**
Net interest income	**2,608**	2,694	3,015
Other operating income	**301**	374	296
Operating income	**2,909**	3,068	3,311
Operating expenses	**(1,735)**	(1,758)	(1,703)
Cash profit before credit impairment and income tax	**1,174**	1,310	1,608
Credit impairment (charge)/release	**(43)**	(53)	(82)
Cash profit before income tax	**1,131**	1,257	1,526
Income tax expense	**(337)**	(383)	(462)
Cash profit	**794**	874	1,064
Balance Sheet			
Net loans and advances	**322,364**	312,249	300,581
Other external assets	**3,411**	2,958	3,239
External assets	**325,775**	315,207	303,820
Customer deposits	**172,312**	164,786	156,374
Other external liabilities	**4,172**	4,140	3,923
External liabilities	**176,484**	168,926	160,297
Risk weighted assets	**130,184**	127,673	117,844
Average gross loans and advances[1]	**318,649**	307,124	297,255
Average deposits and other borrowings[1]	**168,912**	159,786	152,392
Ratios			
Return on average assets	**0.50%**	0.56%	0.71%
Net interest margin	**1.94%**	2.06%	2.38%
Operating expenses to operating income	**59.6%**	57.3%	51.4%
Operating expenses to average assets	**1.08%**	1.13%	1.14%
Individually assessed credit impairment charge/(release)	**49**	48	32
Individually assessed credit impairment charge/(release) as a % of average GLA[2]	**0.03%**	0.03%	0.02%
Collectively assessed credit impairment charge/(release)	**(6)**	5	50
Collectively assessed credit impairment charge/(release) as a % of average GLA[2]	**(0.00%)**	0.00%	0.03%
Gross impaired assets	**669**	520	415
Gross impaired assets as a % of GLA	**0.21%**	0.17%	0.14%
Total full time equivalent staff	**11,383**	11,313	11,199

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 March 2024 with March 2023

Cash profit decreased by $270 million (25%).

Key factors affecting the result were:

- Lending volumes increased driven by home loan growth.
- Net interest margin decreased 44 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 higher earnings on capital and replicating portfolio and favourable lending mix with a shift towards higher margin variable home loans.
- Operating expenses increased $32 million (2%) driven by inflationary impacts and incremental costs associated with strategic initiatives including ANZ Plus, partially offset by productivity initiatives.
- Credit impairment charge decreased $39 million (48%) driven by lower collectively assessed credit impairment, partially offset by higher individually assessed credit impairment due to lower write-backs in the home loan portfolio and lower recoveries in the unsecured portfolios.

Comparison of March 2024 with September 2023

Cash profit decreased by $80 million (9%).

Key factors affecting the result were:

- Lending volumes increased driven by home loan growth.
- Net interest margin decreased 12 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, and higher earnings on capital and replicating portfolio.
- Other operating income decreased $73 million (20%) driven by timing of recognition of cards incentives, and seasonality of fees.
- Operating expenses decreased $23 million (1%) driven by lower restructuring expense, productivity initiatives and seasonal factors. This was partially offset by inflationary impacts and incremental costs associated with strategic initiatives including ANZ Plus.
- Credit impairment charge decreased $10 million (19%) driven by a lower collectively assessed credit impairment.

Australia Commercial

Australia Commercial	Half Year Mar 24 $M	Sep 23 $M	Mar 23 $M
Net interest income	**1,580**	1,592	1,632
Other operating income	**169**	190	175
Operating income	**1,749**	1,782	1,807
Operating expenses	**(763)**	(738)	(685)
Cash profit before credit impairment and income tax	**986**	1,044	1,122
Credit impairment (charge)/release	**(35)**	(41)	(66)
Cash profit before income tax	**951**	1,003	1,056
Income tax expense	**(286)**	(302)	(317)
Cash profit	**665**	701	739
Balance Sheet			
Net loans and advances	**63,874**	61,557	59,911
Other external assets	**405**	359	316
External assets	**64,279**	61,916	60,227
Customer deposits	**116,463**	113,408	113,011
Other external liabilities	**5,923**	5,933	6,031
External liabilities	**122,386**	119,341	119,042
Risk weighted assets	**46,601**	47,497	47,359
Average gross loans and advances[1]	**63,880**	61,535	61,030
Average deposits and other borrowings[1]	**115,357**	112,368	113,276
Ratios			
Return on average assets	**1.09%**	1.18%	1.24%
Net interest margin[2]	**2.60%**	2.67%	2.72%
Operating expenses to operating income	**43.6%**	41.4%	37.9%
Operating expenses to average assets	**1.25%**	1.24%	1.15%
Individually assessed credit impairment charge/(release)	**26**	33	9
Individually assessed credit impairment charge/(release) as a % of average GLA[3]	**0.08%**	0.11%	0.03%
Collectively assessed credit impairment charge/(release)	**9**	8	57
Collectively assessed credit impairment charge/(release) as a % of average GLA[3]	**0.03%**	0.03%	0.19%
Gross impaired assets	**261**	248	288
Gross impaired assets as a % of GLA	**0.40%**	0.40%	0.47%
Total full time equivalent staff	**3,442**	3,514	3,607

1. *Averages are calculated using predominantly daily averages.*
2. *Australia Commercial division generates positive net interest income from surplus deposits held. Accordingly, $58.1 billion of average deposits for the March 2024 half (Sep 23 half: $57.6 billion; Mar 23 half: $59.3 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 March 2024 with March 2023

Cash profit decreased by $74 million (10%).

Key factors affecting the result were:

- Lending volumes increased driven by SME Banking and Specialist Business lending growth, partially offset by lower lending in Central Functions driven by the sale of Investment Lending business.
- Net interest margin decreased 12 bps driven by unfavourable deposit mix with a shift towards lower margin term deposits, higher net funding costs, and asset margin contraction from competitive pressure. This was partially offset by favourable deposit margins and higher earnings on capital and replicating portfolio.
- Operating expenses increased $78 million (11%) driven by higher restructuring expense and inflationary impacts, partially offset by productivity initiatives.
- Credit impairment charge decreased $31 million (47%) driven by lower collectively assessed credit impairment, partially offset by higher individually assessed credit impairment charge due to lower write-backs in the SME Banking portfolio.

Comparison of March 2024 with September 2023

Cash profit decreased by $36 million (5%).

Key factors affecting the result were:

- Lending volumes increased driven by SME Banking and Specialist Business lending growth.
- Net interest margin decreased 7 bps driven by unfavourable deposit mix with a shift towards lower margin term deposits, higher net funding costs, and asset margin contraction from competitive pressure. This was partially offset by higher earnings on capital and replicating portfolio.
- Other operating income decreased $21 million (11%) driven by the gain on sale of Investment Lending business in the September 2023 half and seasonality of fees.
- Operating expenses increased $25 million (3%) driven by higher restructuring expense and inflationary impacts, partially offset by productivity initiatives and seasonal factors.
- Credit impairment charge decreased $6 million (15%) driven by lower individually assessed credit impairment charge due to lower impairments.

Institutional

Institutional	Half Year Mar 24 $M	Sep 23 $M	Mar 23 $M
Net interest income	**1,882**	1,969	2,071
Other operating income	**1,687**	1,321	1,373
Operating income	**3,569**	3,290	3,444
Operating expenses	**(1,444)**	(1,388)	(1,340)
Cash profit before credit impairment and income tax	**2,125**	1,902	2,104
Credit impairment (charge)/release	**6**	6	74
Cash profit before income tax	**2,131**	1,908	2,178
Income tax expense	**(609)**	(548)	(589)
Cash profit	**1,522**	1,360	1,589
Consisting of:			
Transaction Banking	**556**	578	531
Corporate Finance	**590**	611	664
Markets	**442**	252	411
Central Functions	**(66)**	(81)	(17)
Cash profit	**1,522**	1,360	1,589
Balance Sheet			
Net loans and advances	**206,268**	210,234	208,265
Other external assets	**306,758**	328,591	317,480
External assets	**513,026**	538,825	525,745
Customer deposits	**249,169**	266,462	278,089
Other external liabilities	**158,275**	186,315	172,675
External liabilities	**407,444**	452,777	450,764
Risk weighted assets	**171,437**	175,245	183,121
Average gross loans and advances[1]	**207,308**	206,939	214,883
Average deposits and other borrowings[1]	**369,517**	355,591	355,905
Ratios			
Return on average assets	**0.52%**	0.50%	0.59%
Net interest margin	**0.76%**	0.86%	0.91%
Net interest margin (excluding Markets business unit)	**2.39%**	2.36%	2.26%
Operating expenses to operating income	**40.5%**	42.2%	38.9%
Operating expenses to average assets	**0.49%**	0.51%	0.49%
Individually assessed credit impairment charge/(release)	**(49)**	30	(79)
Individually assessed credit impairment charge/(release) as a % of average GLA[2]	**(0.05%)**	0.03%	(0.07%)
Collectively assessed credit impairment charge/(release)	**43**	(36)	5
Collectively assessed credit impairment charge/(release) as a % of average GLA[2]	**0.04%**	(0.03%)	0.00%
Gross impaired assets	**437**	562	302
Gross impaired assets as a % of GLA	**0.21%**	0.27%	0.14%
Total full time equivalent staff	**6,310**	6,366	6,314

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 March 2024 with March 2023

Cash profit decreased by $67 million (4%).

Key factors affecting the result were:

- Lending volumes decreased driven by lower core lending in Corporate Finance and Transaction Banking, partially offset by higher Markets balances.
- Net interest margin ex-Markets increased 13 bps driven by favourable deposit margins and higher earnings on capital.
- Other operating income increased $314 million (23%) driven by higher Markets revenues from more favourable trading conditions and increased customer activities.
- Operating expenses increased $104 million (8%) driven by inflationary impacts and higher restructuring expense, partially offset by productivity initiatives.
- Credit impairment release decreased $68 million (92%) driven by higher collectively assessed credit impairment, and lower individually assessed credit impairment release due to a large number of write-backs in the March 2023 half.

Comparison of March 2024 with September 2023

Cash profit increased by $162 million (12%).

Key factors affecting the result were:

- Lending volumes decreased driven by lower core lending in Corporate Finance and Transaction Banking.
- Net interest margin ex-Markets increased 3 bps driven by higher earnings on capital.
- Other operating income increased $366 million (28%) driven by higher Markets revenues from more favourable trading conditions and increased customer activities.
- Operating expenses increased $56 million (4%) driven by inflationary impacts and higher restructuring expense, partially offset by productivity initiatives.
- Credit impairment release was flat as higher collectively assessed credit impairment was offset by lower individually assessed credit impairment due to lower impairments and higher write-backs.

New Zealand

Table reflects NZD for New Zealand.

AUD results shown on page 67.

	Half Year		
New Zealand	**Mar 24 NZD M**	**Sep 23 NZD M**	**Mar 23 NZD M**
Net interest income	**1,692**	1,694	1,721
Other operating income	**224**	227	216
Operating income	**1,916**	1,921	1,937
Operating expenses	**(729)**	(719)	(689)
Cash profit before credit impairment and income tax	**1,187**	1,202	1,248
Credit impairment (charge)/release	**(4)**	(40)	(82)
Cash profit before income tax	**1,183**	1,162	1,166
Income tax expense	**(331)**	(325)	(327)
Cash profit	**852**	837	839
Consisting of:			
Personal	**545**	561	568
Business & Agri	**305**	275	269
Central Functions	**2**	1	2
Cash profit	**852**	837	839
Balance Sheet			
Net loans and advances	**132,608**	130,868	128,433
Other external assets	**3,664**	3,603	3,527
External assets	**136,272**	134,471	131,960
Customer deposits	**108,789**	106,431	104,614
Other external liabilities	**24,566**	25,619	25,226
External liabilities	**133,355**	132,050	129,840
Risk weighted assets	**72,778**	76,196	76,609
Average gross loans and advances[1]	**132,438**	130,221	129,088
Average deposits and other borrowings[1]	**114,514**	110,816	111,064
Net funds management income	**99**	98	96
Funds under management	**40,514**	37,108	36,928
Average funds under management	**38,745**	37,530	35,867
Ratios			
Return on average assets	**1.26%**	1.25%	1.27%
Net interest margin	**2.56%**	2.60%	2.67%
Operating expenses to operating income	**38.0%**	37.4%	35.6%
Operating expenses to average assets	**1.08%**	1.08%	1.05%
Individual credit impairment charge/(release)	**14**	19	10
Individual credit impairment charge/(release) as a % of average GLA[2]	**0.02%**	0.03%	0.02%
Collective credit impairment charge/(release)	**(10)**	21	72
Collective credit impairment charge/(release) as a % of average GLA[2]	**(0.02%)**	0.03%	0.11%
Gross impaired assets	**130**	131	107
Gross impaired assets as a % of GLA	**0.10%**	0.10%	0.08%
Total full time equivalent staff	**6,754**	6,766	6,785

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 67.

Comparison of March 2024 with March 2023

Cash profit increased by NZD 13 million (2%).

Key factors affecting the result were:

- Lending volumes increased driven by home loan growth, partially offset by contraction in business lending.
- Net interest margin decreased 11 bps driven by asset margin contraction from home loan pricing competition, and unfavourable deposit mix with a shift towards lower margin term deposits. This was partially offset by higher earnings on capital and favourable deposit margins.
- Operating expenses increased NZD 40 million (6%) driven by inflationary pressure.
- Credit impairment charge decreased NZD 78 million (95%) driven by lower collectively assessed credit impairment.

Comparison of March 2024 with September 2023

Cash profit increased by NZD 15 million (2%).

Key factors affecting the result were:

- Lending volumes increased driven by home loan growth, partially offset by contraction in business lending.
- Net interest margin decreased 4 bps driven by unfavourable deposit margins and deposit mix with a shift towards lower margin term deposits. This was partially offset by favourable home loan lending margins.
- Credit impairment charge decreased NZD 36 million (90%) driven by lower collectively assessed credit impairment.

New Zealand

Table reflects AUD for New Zealand.

NZD results shown on page 65.

New Zealand	Half Year Mar 24 $M	Sep 23 $M	Mar 23 $M
Net interest income	**1,572**	1,567	1,582
Other operating income	**208**	210	199
Operating income	**1,780**	1,777	1,781
Operating expenses	**(677)**	(665)	(634)
Cash profit before credit impairment and income tax	**1,103**	1,112	1,147
Credit impairment (charge)/release	**(4)**	(37)	(75)
Cash profit before income tax	**1,099**	1,075	1,072
Income tax expense	**(308)**	(300)	(301)
Cash profit	**791**	775	771
Consisting of:			
Personal	**507**	519	522
Business & Agri	**283**	254	247
Central Functions	**1**	2	2
Cash profit	**791**	775	771
Balance Sheet			
Net loans and advances	**121,625**	121,824	120,262
Other external assets	**3,361**	3,354	3,303
External assets	**124,986**	125,178	123,565
Customer deposits	**99,779**	99,076	97,958
Other external liabilities	**22,531**	23,848	23,622
External liabilities	**122,310**	122,924	121,580
Risk weighted assets	**66,750**	70,930	71,735
Average gross loans and advances[1]	**123,073**	120,420	118,683
Average deposits and other borrowings[1]	**106,417**	102,479	102,113
Net funds management income	**92**	91	88
Funds under management	**37,159**	34,545	34,580
Average funds under management	**36,005**	34,705	32,975
Ratios			
Return on average assets	**1.26%**	1.25%	1.27%
Net interest margin	**2.56%**	2.60%	2.67%
Operating expenses to operating income	**38.0%**	37.4%	35.6%
Operating expenses to average assets	**1.08%**	1.08%	1.05%
Individual credit impairment charge/(release)	**14**	17	9
Individual credit impairment charge/(release) as a % of average GLA[2]	**0.02%**	0.03%	0.02%
Collective credit impairment charge/(release)	**(10)**	20	66
Collective credit impairment charge/(release) as a % of average GLA[2]	**(0.02%)**	0.03%	0.11%
Gross impaired assets	**119**	122	100
Gross impaired assets as a % of GLA	**0.10%**	0.10%	0.08%
Total full time equivalent staff	**6,754**	6,766	6,785

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

Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations as they fall due, including repaying depositors or maturing wholesale debt, or that the Group has insufficient capacity to fund increases in assets. The timing mismatch of cash flows and the related liquidity risk is inherent in all banking operations and is closely monitored by the Group and managed in accordance with the risk appetite set by the ANZBGL Board.

The Group's approach to liquidity risk management incorporates two key components:

- **Scenario modelling of funding sources**

  The Group's liquidity risk appetite is defined by the ability to meet a range of regulatory requirements 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, which is a severe short term liquidity stress scenario, and the Net Stable Funding Ratio, a longer term structural liquidity measure, both of which are mandated by banking regulators including APRA.

- **Liquid assets**

  The Group holds a portfolio of high-quality unencumbered liquid assets in order to protect the Group's liquidity position in a severely stressed environment, as well as to meet regulatory requirements. High Quality Liquid Assets comprise three categories, with the definitions consistent with Basel 3 LCR:

  - Highest-quality liquid assets ("HQLA1"): Cash, 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 ("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"): Eligible securities listed by the RBNZ.

  The 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.

	Half Year Average[1]		
	Mar 24 $B	**Sep 23 $B**	**Mar 23 $B**
Market Values Post Discount			
HQLA1	**268.2**	258.6	253.5
HQLA2	**11.6**	9.8	9.7
Alternative liquid assets[2]	**1.9**	2.4	2.7
Total liquid assets	**281.7**	270.8	265.9
Cash flows modeled under stress scenario			
Cash outflows	**262.8**	256.1	268.8
Cash inflows	**51.9**	51.4	60.5
Net cash outflows	**210.9**	204.7	208.3
Liquidity Coverage Ratio[3,4]	**134%**	132%	128%

1. *Half year average basis, calculated as prescribed per APRA Prudential Regulatory Standard (APS 210 Liquidity) and consistent with APS 330 requirements.*
2. *Comprised of liquid assets as defined in the RBNZ's Liquidity Policy - Annex: Liquidity Assets - Prudential Supervision Department Document BS13A12.*
3. *All currency Level 2 LCR.*
4. *LCR remained above the regulatory minimum thresholds throughout the periods.*

Funding

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

During the March 2024 half, the Group issued $21.2 billion of term wholesale funding[1], $1.7 billion of APRA compliant Additional Tier 1 Capital and $0.3 billion of RBNZ compliant Additional Tier 1 Capital.

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

	As at		
	Mar 24 $B	**Sep 23 $B**	**Mar 23 $B**
Customer deposits and other liabilities			
Australia Retail	**172.3**	164.8	156.4
Australia Commercial	**116.5**	113.4	113.0
Institutional	**249.2**	266.5	278.1
New Zealand	**99.8**	99.1	98.0
Pacific	**3.7**	3.7	3.6
Group Centre	**(0.2)**	(0.1)	(0.2)
Customer deposits	**641.3**	647.4	648.9
Other funding liabilities[2]	**10.8**	11.7	12.4
Total customer liabilities (funding)	**652.1**	659.1	661.3
Wholesale funding			
Unsubordinated debt and central bank term funding[3]	**102.3**	94.0	97.1
Subordinated debt[4]	**36.3**	33.7	32.7
Certificates of deposit	**39.1**	41.9	44.5
Commercial paper	**45.2**	33.3	38.8
Other wholesale borrowings[5]	**96.8**	113.9	122.5
Total wholesale funding	**319.7**	316.8	335.6
Shareholders' equity	**70.2**	69.1	68.6
Total funding	**1,042.0**	1,045.0	1,065.5

1. *Excludes unsubordinated debt with shorter tenors (such as 12 to 18 months).*
2. *Includes interest accruals, payables and other liabilities, provisions and net tax provisions, and excludes liability for acceptances as they do not provide net funding.*
3. *Includes RBA TFF of $8.1 billion (Sep 23: $8.1 billion; Mar 23: $20.1 billion), RBNZ FLP of $3.2 billion (Sep 23: $3.2 billion; Mar 23: $3.2 billion) and TLF of $0.3 billion (Sep 23: $0.3 billion; Mar 23: $0.3 billion).*
4. *Includes subordinated debt issued by ANZ Bank New Zealand Limited 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.*
5. *Includes borrowings from banks, securities sold under repurchase agreements, net derivative balances, special purpose vehicles and other borrowings.*

Net Stable Funding Ratio

The following table shows the Level 2 NSFR composition:

	As at		
	Mar 24 $B	Sep 23 $B	Mar 23 $B
Required Stable Funding[1]			
Retail & small and medium enterprises, corporate loans with 65% RSF factor[2]	**218.3**	213.6	200.5
Retail & small and medium enterprises, corporate loans with 85% RSF factor[2]	**206.1**	208.5	221.3
Other lending[3]	**56.2**	54.9	37.2
Liquid assets	**15.1**	13.8	13.1
Other assets[4]	**46.8**	46.8	45.2
Total Required Stable Funding	**542.5**	537.6	517.3
Available Stable Funding[1]			
Retail & small and medium enterprise customer deposits	**308.9**	301.3	292.9
Corporate, public sector entities & operational deposits	**128.5**	130.8	136.9
Central bank & other financial institution deposits	**6.4**	7.2	4.7
Term funding[5]	**81.5**	76.0	71.3
Short term funding & other liabilities	**12.4**	10.3	8.5
Capital	**102.7**	99.6	99.4
Total Available Stable Funding	**640.4**	625.2	613.7
Net Stable Funding Ratio[6]	**118%**	116%	119%

1. *NSFR factored balance as per APRA Prudential Regulatory Standard APS 210 Liquidity.*
2. *Risk weighting as per APRA Prudential Regulatory Standard APS 112 Capital Adequacy: Standardised Approach to Credit Risk.*
3. *Includes loans to financial institutions and central banks and non-performing loans.*
4. *Includes off-balance sheet items, net derivatives and other assets.*
5. *Includes balances from the drawdown of the RBA and RBNZ Funding Facilities (TFF, FLP and TLF).*
6. *The regulatory minimum NSFR is 100%.*

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 31 March 2024. 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 31 March 2024.

Contractual maturity ($M)[1]	FY24	FY25	FY26	FY27	FY28	After 2028	Total
Unsubordinated debt and central bank term funding[2]	13,179	27,262	26,543	12,430	12,721	7,969	100,104
Subordinated debt[3]	1,750	3,576	6,520	3,346	3,490	10,737	29,419
Total	**14,929**	**30,838**	**33,063**	**15,776**	**16,211**	**18,706**	**129,523**

1. *The maturity profile is presented as the total amount of term debt scheduled to mature in the relevant full year ending 30 September. Maturities for the year ending 30 September 2024 ("FY24") relate to term debt maturing in the period 1 April 2024 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 31 March 2024		
ANZBGL Credit ratings	**Short-Term**	**Long-Term**	**Outlook**
Moody's Investors Service	P-1	Aa2	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

Qualifying Capital	As at Mar 24 $M	 Sep 23 $M	 Mar 23 $M
Tier 1			
Shareholders' equity and non-controlling interests	**70,202**	69,085	68,596
Prudential adjustments to shareholders' equity	**(648)**	(396)	(329)
Gross Common Equity Tier 1 capital	**69,554**	68,689	68,267
Deductions	**(11,142)**	(10,895)	(10,887)
Common Equity Tier 1 capital	**58,412**	57,794	57,380
Additional Tier 1 capital	**8,297**	8,232	8,184
Tier 1 capital	**66,709**	66,026	65,564
Tier 2 capital	**28,223**	24,959	24,068
Total qualifying capital	**94,932**	90,985	89,632
Capital adequacy ratios (Level 2)			
Common Equity Tier 1	**13.5%**	13.3%	13.2%
Tier 1	**15.4%**	15.2%	15.1%
Tier 2	**6.5%**	5.8%	5.5%
Total capital ratio	**21.9%**	21.0%	20.6%
Risk weighted assets	**432,779**	433,327	435,514

Comparison of March 2024 with September 2023

The Group’s CET1 ratio increased +16 bps to 13.50% during the March 2024 half. Key drivers of the movement in the CET1 ratio were:

- Statutory profit increased the CET1 ratio by +80 bps.
- Higher underlying RWA usage (excluding impact of foreign currency translation, regulatory changes and other one-offs) decreased the CET1 ratio by -12 bps primarily driven by higher credit RWA, market risk RWA and operational RWA, partially offset by lower IRRBB RWA.
- Payment of the 2023 final dividend (net of Bonus Option Plan and Dividend Reinvestment Plan issuance) reduced the CET1 ratio by -64 bps.
- Proceeds from partial disposal of investment in AmBank increased the CET1 ratio by +15 bps.
- Capital deduction and others impact totalling -3 bps reflecting net movements in IRB floor increase, capital deductions, net imposts and net other items, partially offset by benefits from credit RWA methodology refinements.

March 2024 adjusted CET1 capital ratio of 11.85% includes adjustments for:

- Suncorp Bank acquisition of -123 bps,
- The announced $2 billion on-market share buyback of -46 bps, and
- NOHC surplus capital of +4 bps.

Leverage ratio

At 31 March 2024, 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		
	Mar 24 $M	**Sep 23 $M**	**Mar 23 $M**
Tier 1 Capital (net of capital deductions)	**66,709**	66,026	65,564
On-balance sheet exposures (excluding derivatives and securities financing transaction exposures)	**984,875**	984,663	1,013,515
Derivative exposures	**59,357**	51,008	44,612
Securities financing transaction exposures	**58,995**	50,747	43,756
Other off-balance sheet exposures	**124,894**	138,301	140,999
Total exposure measure	**1,228,121**	1,224,719	1,242,882
APRA Leverage Ratio	**5.4%**	5.4%	5.3%

Comparison of March 2024 with September 2023

APRA leverage ratio increased +4 bps during the March 2024 half. Key drivers of the movement were:

- Net organic capital generation (largely from statutory profit and movements in capital deductions), less dividends paid increased the leverage ratio by +4 bps,
- Additional Tier 1 capital impact (ANZ Capital Notes 9 issuance net of ANZ Capital Notes 4 redemption) increased the leverage ratio by +1 bps,
- On-balance sheet exposures growth decreased the leverage ratio by -2 bps. On-balance sheet exposures growth was driven by lending growth in the Australia Retail, Australia Commercial and New Zealand divisions, and growth in Trading assets and Investment securities, partially offset by reduction in lending volume in the Institutional division and reduction in Cash and cash equivalents,
- Net movements in derivative, securities financing transactions and other off-balance sheet exposures decreased the leverage ratio by -2 bps, and
- Net other impacts increased the leverage ratio by +3 bps.

Summary

Refer to "Section 4: Directors, Senior Management/Executives and Employees" on pages 79 to 84 of the Group's 2023 Annual U.S. Disclosure Document for a comprehensive discussion of the Group's Directors, Senior Management and Executives, and Corporate Governance.

During the period since the 2023 Annual U.S. Disclosure Document to the date of this U.S. Disclosure Document, there were no material changes to these matters with the exception of the following:

Changes to Directors

Mr John Macfarlane and Ms Ilana Atlas ceased as Non-Executive Directors of ANZBGL on 21 December 2023 and Sir John Key ceased as a Non-Executive Director of ANZBGL on 14 March 2024. Mr Richard Gibb and Mr John Cincotta were appointed Non-Executive Directors of ANZBGL on 15 February 2024 and Mr Scott St John was appointed Non-Executive Director of ANZBGL on 25 March 2024.

The names of the Directors of ANZBGL who held office during and since the end of the half year are:
Mr PD O'Sullivan Chairman
Mr SC Elliott Director and Chief Executive Officer
Ms IR Atlas, AO Director, ceased 21 December 2023
Mr JP Cincotta, Director, appointed 15 February 2024
Mr RBM Gibb Director, appointed 15 February 2024
Ms SJ Halton, AO PSM Director
Mr GK Hodges Director
Rt Hon Sir JP Key, GNZM AC Director, ceased 14 March 2024
Ms HS Kramer Director
Mr JT Macfarlane Director, ceased 21 December 2023
Ms CE O'Reilly Director
Mr JP Smith Director
Mr SA St John Director, appointed 25 March 2024

With the exception of Mr Graham Hodges and Mr John Cincotta, each Director of ANZBGL also serves as a Director of ANZGHL.

Changes to Senior Management and Executives

No changes.

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 nonmanagement 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.

There are no significant disputes between management and labour unions in Australia.

New Zealand

The large majority of New Zealand employees are covered by individual employment agreements. ANZ Bank 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. Bargaining for renewal of this agreement will commence in June 2024.

There are no significant disputes between management and labor unions in New Zealand.

Rest of World

There are no significant disputes between management and labor unions in any of the countries located in the Rest of World geography.

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; and
- 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 the Annex).

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 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 the 2023 U.S. Disclosure Document as part of the Annex) for a description of contingent liabilities and contingent assets as at 30 September 2023. Refer to Note 17 of the Condensed Consolidated Financial Statements (attached as part of the Annex to this U.S. Disclosure Document) for a description of contingent liabilities and contingent assets as at 31 March 2024.

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. A civil penalty of $0.9 million was imposed on ANZBGL. In December 2023, ANZBGL lodged a Notice of Appeal from the decision of the Federal Court of Australia.

- **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. An agreement to settle the claim was reached in March 2024. ANZBGL will pay $57.5 million in the settlement, which is covered by an existing provision. The settlement is without admission of liability and remains subject to court approval.

- **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 ANZBGL) 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 each of 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 each of 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 Non-Bank HoldCo and each of its subsidiaries, and ANZ ServiceCo.

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).

APG means banking prudential practice guide.

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 means banking 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.

Company means ANZBGL.

Compensation Scheme of Last Resort Levy (“CSLR Levy”) is a levy on certain financial institutions that was introduced in 2023 under the *Financial Services Compensation Scheme of Last Resort Levy Act 2023* of Australia.

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.

CPS means cross-industry prudential standard.

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 (“Credit RWA”) 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.

Expected credit losses (“ECL”) – The determination of the ECL is dependent on credit deterioration since origination, according to the following three-stage approach:

- Stage 1: At the origination of a financial asset, and subsequently where there has not been a Significant Increase in Credit Risk ("SICR") since origination, an allowance for ECL is recognised reflecting the ECL 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, ECL 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 ECL 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.

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: Condensed Consolidated Financial Statements of the Group for the half year ended 31 March 2024 and independent auditor's review report on the Condensed Consolidated Financial Statements.

Australia and New Zealand Banking Group Limited

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half year ended 31 March 2024

Australia and New Zealand Banking Group Limited

		Half Year			Movement	
	Note	Mar 24 $M	Sep 23 $M	Mar 23 $M	Mar 24 v. Sep 23	Mar 24 v. Mar 23
Interest income		**29,832**	27,089	22,840	10%	31%
Interest expense		**(21,932)**	(19,018)	(14,343)	15%	53%
Net interest income	2	**7,900**	8,071	8,497	-2%	-7%
Other operating income	2	**2,104**	2,070	1,507	2%	40%
Net income from insurance business	2	**48**	53	55	-9%	-13%
Share of associates' profit/(loss)	2, 15	**96**	125	100	-23%	-4%
Operating income		**10,148**	10,319	10,159	-2%	0%
Operating expenses	3	**(5,179)**	(5,101)	(4,986)	2%	4%
Profit before credit impairment and income tax		**4,969**	5,218	5,173	-5%	-4%
Credit impairment (charge)/release	8	**(70)**	(112)	(133)	-38%	-47%
Profit before income tax		**4,899**	5,106	5,040	-4%	-3%
Income tax expense	4	**(1,435)**	(1,495)	(1,450)	-4%	-1%
Profit for the period		**3,464**	3,611	3,590	-4%	-4%
Comprising:						
Profit attributable to shareholders of the Company		**3,450**	3,597	3,576	-4%	-4%
Profit attributable to non-controlling interests	13	**14**	14	14	0%	0%

The notes appearing on pages 12 to 45 form an integral part of the Condensed Consolidated Financial Statements.

Australia and New Zealand Banking Group Limited

	Half Year			Movement	
	Mar 24 $M	Sep 23 $M	Mar 23 $M	Mar 24 v. Sep 23	Mar 24 v. Mar 23
Profit for the period	**3,464**	3,611	3,590	-4%	-4%
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Investment securities - equity securities at FVOCI	**20**	(80)	50	large	-60%
Other reserve movements[1]	**(59)**	(48)	(32)	23%	84%
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation reserve	**(378)**	(74)	792	large	large
Cash flow hedge reserve	**1,075**	(832)	1,067	large	1%
Other reserve movements	**(128)**	(42)	6	large	large
Income tax attributable to the above items	**(273)**	279	(301)	large	-9%
Share of associates' other comprehensive income[2]	**(17)**	23	8	large	large
Total comprehensive income for the period	**3,704**	2,837	5,180	31%	-28%
Comprising total comprehensive income attributable to:					
Shareholders of the Company	**3,701**	2,826	5,136	31%	-28%
Non-controlling interests[1]	**3**	11	44	-73%	-93%

1. *Includes foreign currency translation differences attributable to non-controlling interest of -$11 million (Sep 23 half: -$3 million; Mar 23 half: $30 million).*
2. *Share of associates' other comprehensive income includes:*

	Mar 24 half $M	*Sep 23 half $M*	*Mar 23 half $M*
FVOCI reserve gain/(loss)	*(4)*	*23*	*2*
Defined benefits gain/(loss)	*(13)*	*-*	*6*
Total	***(17)***	***23***	***8***

The notes appearing on pages 12 to 45 form an integral part of the Condensed Consolidated Financial Statements.

Australia and New Zealand Banking Group Limited

		As at			Movement	
Assets	**Note**	**Mar 24 $M**	**Sep 23 $M**	**Mar 23 $M**	**Mar 24 v. Sep 23**	**Mar 24 v. Mar 23**
Cash and cash equivalents[1]		**137,696**	168,154	208,800	-18%	-34%
Settlement balances owed to ANZ		**3,809**	9,349	7,020	-59%	-46%
Collateral paid		**8,241**	8,558	9,245	-4%	-11%
Trading assets		**42,442**	37,004	39,611	15%	7%
Derivative financial instruments		**47,481**	60,406	45,614	-21%	4%
Investment securities		**117,618**	96,969	93,505	21%	26%
Net loans and advances	7	**715,821**	707,694	690,737	1%	4%
Regulatory deposits		**696**	646	646	8%	8%
Investments in associates		**1,405**	2,321	2,214	-39%	-37%
Current tax assets		**45**	37	49	22%	-8%
Deferred tax assets		**3,199**	3,398	3,026	-6%	6%
Goodwill and other intangible assets		**3,907**	3,961	3,933	-1%	-1%
Premises and equipment		**2,293**	2,360	2,613	-3%	-12%
Other assets		**5,485**	5,207	4,629	5%	18%
Total assets		**1,090,138**	1,106,064	1,111,642	-1%	-2%
Liabilities						
Settlement balances owed by ANZ		**15,026**	19,267	23,010	-22%	-35%
Collateral received		**7,409**	10,382	8,002	-29%	-7%
Deposits and other borrowings	9	**807,189**	815,203	843,098	-1%	-4%
Derivative financial instruments		**42,728**	57,482	46,154	-26%	-7%
Current tax liabilities		**195**	305	342	-36%	-43%
Deferred tax liabilities		**59**	60	58	-2%	2%
Payables and other liabilities		**17,982**	15,984	13,941	13%	29%
Employee entitlements		**579**	568	592	2%	-2%
Other provisions		**1,660**	1,714	1,692	-3%	-2%
Debt issuances	10	**127,109**	116,014	106,157	10%	20%
Total liabilities		**1,019,936**	1,036,979	1,043,046	-2%	-2%
Net assets		**70,202**	69,085	68,596	2%	2%
Shareholders' equity						
Ordinary share capital	13	**29,033**	29,082	29,054	0%	0%
Reserves	13	**(1,510)**	(1,796)	(1,065)	-16%	42%
Retained earnings	13	**41,911**	41,277	40,082	2%	5%
Share capital and reserves attributable to shareholders of the Company		**69,434**	68,563	68,071	1%	2%
Non-controlling interests	13	**768**	522	525	47%	46%
Total shareholders' equity		**70,202**	69,085	68,596	2%	2%

1. *Includes Settlement balances owed to ANZ that meet the definition of Cash and cash equivalents.*

The notes appearing on pages 12 to 45 form an integral part of the Condensed Consolidated Financial Statements.

Australia and New Zealand Banking Group Limited

	Half Year		
	Mar 24 $M	Sep 23 $M	Mar 23 $M
Profit after income tax	**3,464**	3,611	3,590
Adjustments to reconcile to net cash flow provided by/(used in) operating activities:			
Allowance for expected credit losses	**70**	112	133
Depreciation and amortisation	**456**	463	478
Loss on reclassification of data centres to held for sale	**-**	-	43
Net derivatives/foreign exchange adjustment	**858**	(1,912)	5,417
(Gain)/loss on sale from divestments	**21**	(29)	-
Other non-cash movements[1]	**(22)**	(86)	(12)
Net (increase)/decrease in operating assets:			
Collateral paid	**262**	958	3,185
Trading assets[2]	**(20)**	384	(6,272)
Net loans and advances[1]	**(10,665)**	(16,300)	(11,989)
Other assets[1]	**(591)**	(499)	(1,226)
Net increase/(decrease) in operating liabilities:			
Deposits and other borrowings	**(4,532)**	(19,833)	41,699
Settlement balances owed by ANZ	**(4,178)**	(3,775)	9,053
Collateral received	**(2,897)**	2,044	(7,892)
Other liabilities[2]	**2,196**	1,926	2,924
Total adjustments	**(19,042)**	(36,547)	35,541
Net cash (used in)/provided by operating activities[3]	**(15,578)**	(32,936)	39,131
Cash flows from investing activities			
Investment securities assets:			
Purchases	**(43,900)**	(38,480)	(13,494)
Proceeds from sale or maturity	**22,996**	35,969	5,432
Proceeds from divestments, net of cash disposed	**668**	558	577
Net investments in other assets	**(451)**	(254)	(350)
Net cash (used in)/provided by investing activities	**(20,687)**	(2,207)	(7,835)
Cash flows from financing activities			
Deposits and other borrowings (repaid) / drawn down	**(27)**	(12,042)	937
Debt issuances:[4]			
Issue proceeds	**26,240**	19,141	25,041
Redemptions	**(16,639)**	(9,296)	(14,689)
Dividends paid[5,6]	**(2,784)**	(2,401)	(2,299)
Other equity distribution[7]	**(126)**	(2)	(19)
Repayment of lease liabilities	**(164)**	(181)	(156)
ANZ Bank New Zealand Perpetual Preference Shares	**252**	-	-
Net cash (used in)/provided by financing activities	**6,752**	(4,781)	8,815
Net increase/(decrease) in cash and cash equivalents	**(29,513)**	(39,924)	40,111
Cash and cash equivalents at beginning of period	**168,154**	208,800	168,132
Effects of exchange rate changes on cash and cash equivalents	**(945)**	(722)	557
Cash and cash equivalents at end of period	**137,696**	168,154	208,800

1. *Certain items were reclassified from Other non-cash movements to Net loans and advances and Other assets in the September 2023 half to better reflect the net movement in operating assets. Comparatives have been restated (Mar 23 half: reduction to Other non-cash movements of $751 million, an increase in Net loans and advances of $112 million, and an increase in Other assets of $639 million).*
2. *Certain items were reclassified from Other liabilities to Trading assets to better reflect the movement in operating assets and operating liabilities. Comparatives have been restated (Sep 23 half: reduction to Trading assets and an increase in Other liabilities of $1,866 million; Mar 23 half: reduction to Trading assets and an increase to Other liabilities of $3,999 million).*
3. *Net cash (used in)/provided by operating activities includes interest received of $29,361 million (Sep 23 half: $26,266 million Mar 23 half: $22,079 million), interest paid of $21,287 million (Sep 23 half: $17,990 million; Mar 23 half: $12,717 million), and income taxes paid of $1,779 million (Sep 23 half: $1,674 million; Mar 23 half: $1,827 million).*
4. *Non-cash changes in debt issuances include a loss of $1,494 million (Sep 23 half: $12 million loss; Mar 23 half: $2,072 million loss) from unrealised movements primarily due to fair value hedge adjustments and foreign exchange differences.*
5. *Cash outflow for shares purchased to satisfy the dividend reinvestment plan in the March 2023 half are classified in dividends paid.*
6. *March 2023 half Includes $320 million cash outflow as part of the special dividend to the Group's parent entity, ANZ BH Pty Ltd.*
7. *Represents funding of on market purchases of ANZGHL ordinary shares for employee share and option plans.*

The notes appearing on pages 12 to 45 form an integral part of the Condensed Consolidated Financial Statements.

Australia and New Zealand Banking Group Limited

	Ordinary share capital	Reserves	Retained earnings	Share capital and reserves attributable to shareholders of the Company	Non-controlling interests	Total shareholders' equity
	$M	$M	$M	$M	$M	$M
As at 1 October 2022	28,797	(2,606)	39,716	**65,907**	494	**66,401**
Impact on transition to AASB 17	-	-	(37)	**(37)**	-	**(37)**
Profit/(Loss) for the period	-	-	3,576	**3,576**	14	**3,590**
Other comprehensive income for the period	-	1,600	(40)	**1,560**	30	**1,590**
Total comprehensive income for the period	-	1,600	3,536	**5,136**	44	**5,180**
Transactions with equity holders in their capacity as equity holders:						
Dividends paid	-	-	(3,172)	**(3,172)**	(13)	**(3,185)**
Dividend reinvestment plan[1]	206	-	-	**206**	-	**206**
Other equity movements:						
Employee share and option plans	53	-	-	**53**	-	**53**
Net transfers following Restructure	-	(39)	39	**-**		**-**
Other items	(2)	(20)	-	**(22)**	-	**(22)**
As at 31 March 2023	29,054	(1,065)	40,082	**68,071**	525	**68,596**
Profit/(Loss) for the period	-	-	3,597	**3,597**	14	**3,611**
Other comprehensive income for the period	-	(737)	(34)	**(771)**	(3)	**(774)**
Total comprehensive income for the period	-	(737)	3,563	**2,826**	11	**2,837**
Transactions with equity holders in their capacity as equity holders:						
Dividends paid	-	-	(2,387)	**(2,387)**	(14)	**(2,401)**
Other equity movements:						
Employee share and option plans	26	-	-	**26**	-	**26**
Other items	2	6	19	**27**	-	**27**
As at 30 September 2023	29,082	(1,796)	41,277	**68,563**	522	**69,085**
Profit/(Loss) for the period	-	-	3,450	**3,450**	14	**3,464**
Other comprehensive income for the period	-	299	(48)	**251**	(11)	**240**
Total comprehensive income for the period	-	299	3,402	**3,701**	3	**3,704**
Transactions with equity holders in their capacity as equity holders:						
Dividends paid	-	-	(2,771)	**(2,771)**	(13)	**(2,784)**
Other equity movements:						
Employee share and option plans	(49)	-	-	**(49)**	-	**(49)**
ANZ Bank New Zealand Perpetual Preference Shares[2]	-	-	(4)	**(4)**	256	**252**
Other items	-	(13)	7	**(6)**	-	**(6)**
As at 31 March 2024	29,033	(1,510)	41,911	**69,434**	768	**70,202**

1. *8.4 million shares were issued under the dividend reinvestment plan for the 2022 final dividend.*
2. *Perpetual preference shares issued by ANZ Bank New Zealand Limited, a member of the Group, are considered non-controlling interest to the Group. Refer to Note 13 Shareholders' equity for further details.*

The notes appearing on pages 12 to 45 form an integral part of the Condensed Consolidated Financial Statements.

1. Basis of preparation

These Condensed Consolidated Financial Statements:

- have been prepared in accordance with the recognition and measurement requirements of *Australian Accounting Standards*;
- should be read in conjunction with ANZBGL's Annual Financial Report for the year ended 30 September 2023 and any public announcements made by ANZBGL and its controlled entities (the Group) for the half year ended 31 March 2024 in accordance with the continuous disclosure obligations under the *Corporations Act 2001* and the *ASX Listing Rules*;
- do not include all notes of the type normally included in the 2023 ANZBGL Annual Report;
- are presented in Australian dollars unless otherwise stated; and
- were approved by the Board of Directors on 6 May 2024.

i) Statement of Compliance

These Condensed Consolidated Financial Statements have been prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting* which ensured compliance with IAS 34 *Interim Financial Reporting*.

ii) Rounding of amounts

The amounts contained in these Condensed Consolidated Financial Statements have been rounded to the nearest million dollars, except where otherwise indicated, as permitted by *Australian Securities and Investments Commission Corporations Instrument 2016/191*.

iii) Basis of measurement and presentation

The financial information has been prepared in accordance with the historical cost basis except the following assets and liabilities that are stated at their fair values:

- 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 instruments designated at fair value through profit and loss (FVTPL);
- financial assets at fair value through other comprehensive income (FVOCI).

In accordance with AASB 119 *Employee Benefits*, defined benefit obligations are measured using the Projected Unit Credit method.

iv) Accounting policies

These Condensed Consolidated Financial Statements have been prepared on the basis of accounting policies and using methods of computation consistent with those applied in the 2023 ANZBGL Annual Report, except as outlined below.

Accounting standards adopted during the period

AASB 17 *Insurance Contracts*

On 1 October 2023, the Group adopted AASB 17 *Insurance Contracts* (AASB 17) which established principles for the recognition, measurement, presentation, and disclosure of insurance contracts, and replaced AASB 4 *Insurance Contracts* and AASB 1023 *General Insurance Contracts*. Although the overall profit recognised in respect of insurance contracts will not change over the life of contracts, the timing of revenue recognition will change.

The Group applied AASB 17 effective from 1 October 2022 and restated prior period comparative information. This resulted in a decrease in opening retained earnings of $37 million on 1 October 2022, an increase in profit after tax (Sep 23 half: nil; Mar 23 half: $8 million), an increase in total assets (Sep 23: $22 million; Mar 23: $36 million), and an increase in total liabilities (Sep 23: $51 million; Mar 23: $65 million) in the Australia Retail division. These adjustments were primarily driven by the impact of changes in the pattern of recognition of revenue on insurance contracts issued, changes in the pattern of recognition of the net cost of reinsurance and the valuation of profit commissions on reinsurance contracts held.

1. Basis of preparation, cont'd

v) Use of estimates, assumptions and judgements

The preparation of these Condensed Consolidated Financial Statements requires the use of management judgement, estimates and assumptions impacting the application of accounting policies and financial outcomes. Discussion of the critical accounting estimates and judgements, which include complex or subjective decisions or assessments are provided in the 2023 ANZBGL Annual Report. Such estimates and judgements are reviewed on an ongoing basis.

The global economy continues to face challenges associated with inflation and interest rate uncertainties, labour market constraints, continuing geopolitical tensions, and impacts from climate change, which contributes to an elevated level of estimation uncertainty involved in the preparation of these financial statements.

The Group made various accounting estimates in these Condensed Consolidated Financial Statements based on forecasts of economic conditions which reflect expectations and assumptions at 31 March 2024 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 further below, along with assumptions and judgements made in relation to other key estimates. Readers should consider these disclosures in light of the inherent uncertainties described above.

Allowance for expected credit losses

The Group measures the allowance for expected credit losses (ECL) using an expected credit loss impairment model as required by AASB 9 *Financial Instruments*.

The Group's allowance for ECL is included in the table below (refer to Note 8 for further information).

	As at		
	Mar 24 $M	**Sep 23 $M**	**Mar 23 $M**
Collectively assessed	**4,046**	4,032	4,040
Individually assessed	**325**	376	421
Total[1]	**4,371**	4,408	4,461

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.

Individually assessed allowance for ECL

During the March 2024 half, the individually assessed allowance for ECL decreased $51 million.

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.

Collectively assessed allowance for ECL

During the March 2024 half, the collectively assessed allowance for ECL increased $14 million, attributable to $169 million from deterioration in credit risk profile across all divisions, $63 million from portfolio growth, and $5 million from deterioration in economic outlook. This was partially offset by a $205 million reduction in management temporary adjustments, as anticipated risks are now represented in portfolio credit profiles, and $18 million from foreign currency translation and other impacts.

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 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 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.

1. Basis of preparation, cont'd

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.

Judgement/Assumption	Description	Considerations for the half year ended 31 March 2024
Determining when a significant increase in credit risk (SICR) 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 PD in the next 12 months, to an allowance for lifetime ECL. 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 was consistent with prior periods.
Measuring both 12-month and lifetime ECL	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. A new PD model was implemented for the New Zealand agri portfolio during the period replacing the prior model, with impacts largely offset by the release of a model overlay held in anticipation of model implementation.
Base case economic forecast	The Group derives a forward-looking 'base case' economic scenario which reflects 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 31 March 2024, the base case assumptions have been updated to reflect a moderation in inflation and slowing employment growth in both Australia and New Zealand. Both economies are forecast to continue to grow below trend. Despite increased household disposable incomes, limited flow-through to household consumption is forecast. The expected outcomes of key economic drivers for the base case scenario at 31 March 2024 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 remain unchanged in each geography from the prior period, reflecting our assessment of the continuing downside risks from the impact of high interest rates and inflation in 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, and natural disasters 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 home loans, credit cards and commercial lending in Australia, and for mortgages and commercial lending in New Zealand. The total amount of adjustments has reduced from the prior period. Management has considered and concluded no temporary adjustment is required at 31 March 2024 to the ECL in relation to climate- or weather-related events during the period.

1. *The upside and downside scenarios are fixed by reference to average economic cycle conditions instead of 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.*

1. Basis of preparation, cont'd

Base case economic forecast assumptions

The economic drivers of the base case economic forecasts, reflective of ANZ Economics' view of future macro-economic conditions, used at 31 March 2024 are set out below. For years beyond the near-term forecasts below, the ECL models apply simplified assumptions for the economic conditions to calculate lifetime loss. There is a high level of estimation uncertainties when forming these forecasts.

	Actual calendar year	Forecast calendar year	
	2023	2024	2025
Australia			
GDP (annual % change)	2.0	1.3	2.0
Unemployment rate (annual average)	3.7	4.1	4.3
Residential property prices (annual % change)	9.1	5.7	5.0
Consumer price index (annual % change)	5.6	3.2	2.8
New Zealand			
GDP (annual % change)	0.8	0.9	1.3
Unemployment rate (annual average)	3.7	4.5	5.3
Residential property prices (annual % change)	(0.7)	3.0	5.0
Consumer price index (annual % change)	5.7	3.1	2.2
Rest of World			
GDP (annual % change)	2.5	1.4	1.8
Consumer price index (annual % change)	4.1	2.7	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 for longer 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.

Scenario weightings remain the same as those applied in September 2023 as noted in the table below.

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:

	Mar 24	Sep 23	Mar 23
Group			
Base	**46%**	46%	45%
Upside	**0%**	0%	0%
Downside	**41%**	41%	40%
Severe downside	**13%**	13%	15%

ECL - Sensitivity analysis

Given inherent economic uncertainties and the judgement applied to factors used in determining the expected default of borrowers in future periods, ECL reported by the Group should be considered as a best estimate within a range of possible estimates.

The table below illustrates the sensitivity of the Group's allowance for collectively assessed ECL to key factors used in determining it at 31 March 2024:

	Balance Sheet $M	(Profit) and Loss Impact $M
If 1% of stage 1 facilities were included in stage 2	4,128	82
If 1% of stage 2 facilities were included in stage 1	4,040	(6)
100% upside scenario	1,354	(2,692)
100% base scenario	1,929	(2,117)
100% downside scenario	3,280	(766)
100% severe downside scenario	10,003	5,957

1. Basis of preparation, cont'd

Investments in associates

The Group assesses the carrying value of its investments in associates for impairment indicators semi-annually. Investments may be subjected to impairment depending on whether indicators of impairment exist, and then where a value-in-use (VIU) or fair value less cost of disposal recoverable value assessment indicate that impairment is warranted.

As at 31 March 2024, the impairment assessment indicated that one of the Group's associate investments, PT Panin, had indicators of impairment. Although its market value (based on share price) was below its carrying value, no impairment was recognised as the carrying value was supported by its VIU.

Significant management judgement is required in determining the key assumptions underpinning the VIU calculations. Factors may change in subsequent periods and lead to potential future impairments or reversals of prior period impairments. These include forecast earnings levels in the near term and/or changes in the long-term growth forecasts, required levels of regulatory capital and post-tax discount rate.

The key assumptions used in the VIU calculations are outlined below:

Post-tax discount rate	12.4%
Terminal growth rate	5.0%
Expected earnings growth (compound annual growth rate – 5 years)	7.5%
Risk weighted asset growth (compound annual growth rate – 5 years)	4.75%
Common Equity Tier 1	23.5%

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 post-tax discount rate by +/- 50 bps would impact the VIU outcome by ($88 million)/$100 million.
- A change in the terminal growth rate by +/- 50 bps would impact the VIU outcome by $74 million/($64 million).
- A change in the earnings growth by +/- 75 bps would impact the VIU outcome by $69 million/($64 million).

Considering the interrelationship of the key inputs to the VIU model as outlined above, the Group estimates that the reasonably possible range of VIU is $1,561 million to $1,238 million compared to the carrying value of $1,405 million. The possible range of VIU is based on impacts set out in the sensitivities above arising from the changes in the earnings growth forecasts over the forecast period, the long-term growth rate and the discount rate.

Provisions

The Group holds provisions for various obligations including restructuring costs, customer remediation, 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. The appropriateness of the underlying assumptions for provisions 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.

2. Income

	Half Year			Movement	
	Mar 24 $M	**Sep 23 $M**	**Mar 23 $M**	**Mar 24 v. Sep 23**	**Mar 24 v. Mar 23**
Interest income	**29,832**	27,089	22,840	10%	31%
Interest expense	**(21,740)**	(18,840)	(14,168)	15%	53%
Major bank levy	**(192)**	(178)	(175)	8%	10%
Net interest income	**7,900**	8,071	8,497	-2%	-7%
Other operating income					
i) Fee and commission income					
Lending fees[1]	**207**	198	199	5%	4%
Non-lending fees	**1,137**	1,156	1,119	-2%	2%
Commissions	**37**	45	40	-18%	-8%
Funds management income	**125**	124	122	1%	2%
Fee and commission income	**1,506**	1,523	1,480	-1%	2%
Fee and commission expense	**(543)**	(514)	(543)	6%	0%
Net fee and commission income	**963**	1,009	937	-5%	3%
ii) Other income					
Net foreign exchange earnings and other financial instruments income[2]	**1,112**	945	590	18%	88%
Release of foreign currency translation reserve	**20**	43	-	-53%	n/a
Loss on reclassification of data centres to held for sale	**-**	-	(43)	n/a	large
Loss on partial disposal of investment in AmBank	**(21)**	-	-	n/a	n/a
Other	**30**	73	23	-59%	30%
Other income	**1,141**	1,061	570	8%	large
Other operating income	**2,104**	2,070	1,507	2%	40%
Net income from insurance business	**48**	53	55	-9%	-13%
Share of associates' profit/(loss)	**96**	125	100	-23%	-4%
Operating income	**10,148**	10,319	10,159	-2%	0%

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 measured and/or designated at fair value through profit or loss.*

3. Operating expenses

	Half Year			Movement	
	Mar 24 $M	Sep 23 $M	Mar 23 $M	Mar 24 v. Sep 23	Mar 24 v. Mar 23
i) Personnel					
Salaries and related costs	**2,728**	2,555	2,602	7%	5%
Superannuation costs	**217**	202	194	7%	12%
Other	**97**	93	90	4%	8%
Personnel	**3,042**	2,850	2,886	7%	5%
ii) Premises					
Rent	**37**	37	34	0%	9%
Depreciation	**217**	218	219	0%	-1%
Other	**84**	86	90	-2%	-7%
Premises	**338**	341	343	-1%	-1%
iii) Technology					
Depreciation and amortisation	**234**	245	256	-4%	-9%
Subscription licences and outsourced services	**549**	523	484	5%	13%
Other	**103**	87	91	18%	13%
Technology	**886**	855	831	4%	7%
iv) Restructuring	**141**	115	54	23%	large
v) Other					
Advertising and public relations	**87**	86	90	1%	-3%
Professional fees	**334**	451	406	-26%	-18%
Freight, stationery, postage and communication	**78**	89	86	-12%	-9%
Other	**273**	314	290	-13%	-6%
Other	**772**	940	872	-18%	-11%
Operating expenses	**5,179**	5,101	4,986	2%	4%

4. Income tax expense

Reconciliation of the prima facie income tax expense on pre-tax profit with the income tax expense recognised in the profit and loss.

	Half Year			Movement	
	Mar 24 $M	**Sep 23 $M**	**Mar 23 $M**	**Mar 24 v. Sep 23**	**Mar 24 v. Mar 23**
Profit before income tax	**4,899**	5,106	5,040	-4%	-3%
Prima facie income tax expense at 30%	**1,470**	1,532	1,512	-4%	-3%
Tax effect of permanent differences:					
Share of associates' (profit)/loss	**(29)**	(37)	(31)	-22%	-6%
Interest on convertible instruments	**64**	54	38	19%	68%
Overseas tax rate differential	**(86)**	(69)	(94)	25%	-9%
Provision for foreign tax on dividend repatriation	**21**	23	18	-9%	17%
Other	**(14)**	(10)	8	40%	large
Subtotal	**1,426**	1,493	1,451	-4%	-2%
Income tax (over)/under provided in previous years	**9**	2	(1)	large	large
Income tax expense	**1,435**	1,495	1,450	-4%	-1%
Australia	**753**	787	851	-4%	-12%
Overseas	**682**	708	599	-4%	14%
Income tax expense	**1,435**	1,495	1,450	-4%	-1%
Effective tax rate	**29.3%**	29.3%	28.8%		

5. Dividends

	Half Year			Movement	
	Mar 24	Sep 23	Mar 23	Mar 24 v. Sep 23	Mar 24 v. Mar 23
Ordinary share dividend ($M)[1]					
Interim dividend	**-**	2,387	-		
Final dividend	**2,771**	-	2,213		
Bonus option plan adjustment	**-**	-	(41)		
Special dividend to ANZ BH Pty Ltd	**-**	-	1,000		
Total	**2,771**	2,387	3,172	**16%**	**-13%**

1. *Excludes dividends paid by subsidiaries of the Group to non-controlling equity holders of $13 million (Sep 23 half: $14 million; Mar 23 half: $13 million).*

Ordinary Shares

ANZBGL paid a 2023 final dividend of $2,771 million to its intermediate holding company, ANZ BH Pty Ltd, a wholly owned subsidiary of ANZGHL, during the March 2024 half.

On 6 May 2024, the Directors proposed a 2024 interim dividend of $2,496 million be paid on 1 July 2024, to ANZ BH Pty Ltd.

6. Segment reporting

i) Description of segments

The Group operates on a divisional structure with six divisions: Australia Retail, Australia Commercial, Institutional, New Zealand, Pacific, and Group Centre.

The presentation of divisional results has been impacted by a number of cost reallocations across and within the divisions during the period. Prior period comparatives have been restated.

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 institutional and corporate customers, and governments across Australia, New Zealand and International (including 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.
- 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 network of branches, mortgage specialists, relationship managers and contact centres.
- Business & Agri 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.

6. Segment reporting, cont'd

ii) Operating segments

The Group measures the performance of operating segments on a cash profit basis. 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 where relevant disclosed as part of the income and expenses of these segments.

March 2024 Half Year	Australia Retail $M	Australia Commercial $M	Institutional $M	New Zealand $M	Pacific $M	Group Centre $M	Group Total $M
Net interest income	2,608	1,580	1,882	1,572	63	195	7,900
Net fee and commission income	247	146	368	207	8	(13)	963
Net income from insurance business	48	-	-	-	-	-	48
Other income[1,2]	6	23	1,319	1	36	(42)	1,343
Share of associates' profit/(loss)	-	-	-	-	-	96	96
Operating income[1,2]	2,909	1,749	3,569	1,780	107	236	10,350
Operating expenses	(1,735)	(763)	(1,444)	(677)	(70)	(490)	(5,179)
Cash profit before credit impairment and income tax	1,174	986	2,125	1,103	37	(254)	5,171
Credit impairment (charge)/release	(43)	(35)	6	(4)	6	-	(70)
Cash profit before income tax	1,131	951	2,131	1,099	43	(254)	5,101
Income tax expense[1,2]	(337)	(286)	(609)	(308)	(11)	59	(1,492)
Non-controlling interests	-	-	-	-	(1)	(13)	(14)
Cash profit/(loss)	**794**	**665**	**1,522**	**791**	**31**	**(208)**	**3,595**
Economic hedges[1]							(197)
Revenue and expense hedges[2]							52
Profit after tax attributable to shareholders							**3,450**
Financial Position							
Total external assets	325,775	64,279	513,026	124,986	3,195	58,877	1,090,138
Total external liabilities	176,484	122,386	407,444	122,310	3,791	187,521	1,019,936

1. *The economic hedges cash profit adjustment relates to the Institutional, New Zealand and Group Centre divisions. In the condensed consolidated income statement, these amounts are recognised in Other operating income (Mar 24 half: $277 million loss; Sep 23 half: $36 million loss; Mar 23 half: $269 million loss) and Income tax expense (Mar 24 half: $80 million benefit; Sep 23 half: $9 million benefit; Mar 23 half: $79 million benefit).*
2. *The revenue and expense hedges cash profit adjustment relates to the Group Centre division. In the condensed consolidated income statement, these amounts are recognised in Other operating income (Mar 24 half: $75 million gain; Sep 23 half: $9 million loss; Mar 23 half: $120 million loss) and Income tax expense (Mar 24 half: $23 million loss; Sep 23 half: $3 million benefit; Mar 23 half: $36 million benefit).*

6. Segment reporting, cont'd

September 2023 Half Year	Australia Retail $M	Australia Commercial $M	Institutional $M	New Zealand $M	Pacific $M	Group Centre $M	Group Total $M
Net interest income	2,694	1,592	1,969	1,567	61	188	**8,071**
Net fee and commission income	311	160	339	199	9	(9)	**1,009**
Net income from insurance business	53	-	-	-	-	-	**53**
Other income[1,2]	10	30	982	11	36	37	**1,106**
Share of associates' profit/(loss)	-	-	-	-	-	125	**125**
Operating income[1,2]	3,068	1,782	3,290	1,777	106	341	**10,364**
Operating expenses	(1,758)	(738)	(1,388)	(665)	(71)	(481)	**(5,101)**
Cash profit before credit impairment and income tax	1,310	1,044	1,902	1,112	35	(140)	**5,263**
Credit impairment (charge)/release	(53)	(41)	6	(37)	12	1	**(112)**
Cash profit before income tax	1,257	1,003	1,908	1,075	47	(139)	**5,151**
Income tax expense[1,2]	(383)	(302)	(548)	(300)	(8)	34	**(1,507)**
Non-controlling interests	-	-	-	-	(2)	(12)	**(14)**
Cash profit/(loss)	874	701	1,360	775	37	(117)	**3,630**
Economic hedges[1]							**(27)**
Revenue and expense hedges[2]							**(6)**
Profit after tax attributable to shareholders							**3,597**
Financial Position							
Total external assets	315,207	61,916	538,825	125,178	3,391	61,547	**1,106,064**
Total external liabilities	168,926	119,341	452,777	122,924	3,862	169,149	**1,036,979**

March 2023 Half Year	Australia Retail $M	Australia Commercial $M	Institutional $M	New Zealand $M	Pacific $M	Group Centre $M	Group Total $M
Net interest income	3,015	1,632	2,071	1,582	62	135	**8,497**
Net fee and commission income	235	162	346	199	10	(15)	**937**
Net income from insurance business	55	-	-	-	-	-	**55**
Other income[1,2]	6	13	1,027	-	30	(117)	**959**
Share of associates' profit/(loss)	-	-	-	-	-	100	**100**
Operating income[1,2]	3,311	1,807	3,444	1,781	102	103	**10,548**
Operating expenses	(1,703)	(685)	(1,340)	(634)	(74)	(550)	**(4,986)**
Cash profit before credit impairment and income tax	1,608	1,122	2,104	1,147	28	(447)	**5,562**
Credit impairment (charge)/release	(82)	(66)	74	(75)	16	-	**(133)**
Cash profit before income tax	1,526	1,056	2,178	1,072	44	(447)	**5,429**
Income tax expense[1,2]	(462)	(317)	(589)	(301)	(10)	114	**(1,565)**
Non-controlling interests	-	-	-	-	-	(14)	**(14)**
Cash profit/(loss)	1,064	739	1,589	771	34	(347)	**3,850**
Economic hedges[1]							**(190)**
Revenue and expense hedges[2]							**(84)**
Profit after tax attributable to shareholders							**3,576**
Financial Position							
Total external assets	303,820	60,227	525,745	123,565	3,489	94,796	**1,111,642**
Total external liabilities	160,297	119,042	450,764	121,580	3,834	187,529	**1,043,046**

1. *The economic hedges cash profit adjustment relates to the Institutional, New Zealand and Group Centre divisions. In the condensed consolidated income statement, these amounts are recognised in Other operating income (Mar 24 half: $277 million loss; Sep 23 half: $36 million loss; Mar 23 half: $269 million loss) and Income tax expense (Mar 24 half: $80 million benefit; Sep 23 half: $9 million benefit; Mar 23 half: $79 million benefit).*
2. *The revenue and expense hedges cash profit adjustment relates to the Group Centre division. In the condensed consolidated income statement, these amounts are recognised in Other operating income (Mar 24 half: $75 million gain; Sep 23 half: $9 million loss; Mar 23 half: $120 million loss) and Income tax expense (Mar 24 half: $23 million loss; Sep 23 half: $3 million benefit; Mar 23 half: $36 million benefit).*

7. Net loans and advances

	As at			Movement	
	Mar 24 $M	**Sep 23 $M**	**Mar 23 $M**	**Mar 24 v. Sep 23**	**Mar 24 v. Mar 23**
Australia					
Overdrafts	**4,031**	4,190	3,834	-4%	5%
Credit cards outstanding	**5,607**	5,625	5,670	0%	-1%
Commercial bills outstanding	**4,557**	4,682	4,898	-3%	-7%
Term loans - housing	**314,103**	304,133	292,597	3%	7%
Term loans - non-housing	**173,764**	169,696	166,701	2%	4%
Other	**927**	961	916	-4%	1%
Total Australia	**502,989**	489,287	474,616	3%	6%
New Zealand					
Overdrafts	**850**	906	879	-6%	-3%
Credit cards outstanding	**1,163**	1,174	1,184	-1%	-2%
Term loans - housing	**100,407**	99,928	97,939	0%	3%
Term loans - non-housing	**36,487**	37,557	38,381	-3%	-5%
Total New Zealand	**138,907**	139,565	138,383	0%	0%
Rest of World					
Overdrafts	**530**	456	568	16%	-7%
Credit cards outstanding	**6**	6	6	0%	0%
Term loans - housing	**431**	430	475	0%	-9%
Term loans - non-housing	**73,184**	78,205	77,095	-6%	-5%
Other	**115**	331	613	-65%	-81%
Total Rest of World	**74,266**	79,428	78,757	-6%	-6%
Subtotal	**716,162**	708,280	691,756	1%	4%
Unearned income[1]	**(494)**	(515)	(526)	-4%	-6%
Capitalised brokerage and other origination costs[1]	**3,642**	3,475	3,165	5%	15%
Gross loans and advances	**719,310**	711,240	694,395	1%	4%
Allowance for ECL (refer to Note 8)	**(3,489)**	(3,546)	(3,658)	-2%	-5%
Net loans and advances	**715,821**	707,694	690,737	1%	4%

1. *Amortised over the expected life of the loan.*

8. Allowance for expected credit losses

	As at								
	Mar 24			Sep 23			Mar 23		
	Collectively assessed $M	Individually assessed $M	Total $M	Collectively assessed $M	Individually assessed $M	Total $M	Collectively assessed $M	Individually assessed $M	Total $M
Net loans and advances at amortised cost	**3,169**	**320**	**3,489**	3,180	366	3,546	3,244	414	3,658
Off-balance sheet commitments - undrawn and contingent facilities	**844**	**5**	**849**	817	10	827	767	7	774
Investment securities - debt securities at amortised cost	**33**	**-**	**33**	35	-	35	29	-	29
Total	**4,046**	**325**	**4,371**	4,032	376	4,408	4,040	421	4,461
Other Comprehensive Income									
Investment securities - debt securities at FVOCI[1]	**17**	**-**	**17**	15	-	15	13	-	13

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.

Net loans and advances at amortised cost

Allowance for ECL is included in Net loans and advances.

			Stage 3		
	Stage 1 $M	Stage 2 $M	Collectively assessed $M	Individually assessed $M	Total $M
As at 1 October 2022	**1,141**	**1,548**	**360**	**533**	**3,582**
Transfer between stages	114	(100)	(63)	49	-
New and increased provisions (net of releases)	(103)	264	56	188	405
Write-backs	-	-	-	(164)	(164)
Bad debts written-off (excluding recoveries)	-	-	-	(185)	(185)
Foreign currency translation and other movements[1]	7	17	3	(7)	20
As at 31 March 2023	**1,159**	**1,729**	**356**	**414**	**3,658**
Transfer between stages	148	(159)	(65)	76	-
New and increased provisions (net of releases)	(84)	59	39	159	173
Write-backs	-	-	-	(48)	(48)
Bad debts written-off (excluding recoveries)	-	-	-	(224)	(224)
Foreign currency translation and other movements[1]	4	(5)	(1)	(11)	(13)
As at 30 September 2023	**1,227**	**1,624**	**329**	**366**	**3,546**
Transfer between stages	129	(144)	(49)	64	-
New and increased provisions (net of releases)	(119)	64	120	137	202
Write-backs	-	-	-	(80)	(80)
Bad debts written-off (excluding recoveries)	-	-	-	(146)	(146)
Foreign currency translation and other movements[1]	(5)	(6)	(1)	(21)	(33)
As at 31 March 2024	**1,232**	**1,538**	**399**	**320**	**3,489**

1. *Other movements include the impact of discounting on expected cash flows for individually assessed allowances for ECL and the impact of divestments completed during the period.*

8. Allowance for expected credit losses, cont'd

Off-balance sheet commitments - undrawn and contingent facilities

Allowance for ECL is included in Other provisions.

	Stage 1 $M	Stage 2 $M	Stage 3 Collectively assessed $M	Stage 3 Individually assessed $M	Total $M
As at 1 October 2022	**593**	**144**	**29**	**9**	**775**
Transfer between stages	24	(22)	(2)	-	-
New and increased provisions (net of releases)	(30)	30	1	-	1
Write-backs	-	-	-	(2)	(2)
Foreign currency translation	(1)	-	1	-	-
As at 31 March 2023	**586**	**152**	**29**	**7**	**774**
Transfer between stages	14	(13)	(3)	2	-
New and increased provisions (net of releases)	23	22	(1)	2	46
Write-backs	-	-	-	(2)	(2)
Foreign currency translation and other movements[1]	7	1	-	1	9
As at 30 September 2023	**630**	**162**	**25**	**10**	**827**
Transfer between stages	18	(16)	(2)	-	-
New and increased provisions (net of releases)	7	22	1	-	30
Write-backs	-	-	-	(5)	(5)
Foreign currency translation	(2)	(1)	-	-	(3)
As at 31 March 2024	**653**	**167**	**24**	**5**	**849**

1. *Other movements include the impact of divestments completed during the period.*

Investment securities - debt securities at amortised cost

Allowance for ECL is included in Investment securities.

	Stage 1 $M	Stage 2 $M	Stage 3 Collectively assessed $M	Stage 3 Individually assessed $M	Total $M
As at 31 March 2023	29	-	-	-	29
As at 30 September 2023	35	-	-	-	35
As at 31 March 2024	**33**	**-**	**-**	**-**	**33**

Investment securities - debt securities at FVOCI

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.

	Stage 1 $M	Stage 2 $M	Stage 3 Collectively assessed $M	Stage 3 Individually assessed $M	Total $M
As at 31 March 2023	13	-	-	-	13
As at 30 September 2023	15	-	-	-	15
As at 31 March 2024	**17**	**-**	**-**	**-**	**17**

8. Allowance for expected credit losses, cont'd

Credit impairment charge/(release) analysis

	Half Year			Movement	
	Mar 24 $M	Sep 23 $M	Mar 23 $M	Mar 24 v. Sep 23	Mar 24 v. Mar 23
New and increased provisions (net of releases)[1,2]					
- Collectively assessed	**32**	(11)	163	large	-80%
- Individually assessed	**201**	239	237	-16%	-15%
Write-backs[3]	**(85)**	(50)	(166)	70%	-49%
Recoveries of amounts previously written-off	**(78)**	(66)	(101)	18%	-23%
Total credit impairment charge/(release)	**70**	112	133	-38%	-47%

1. *Includes the impact of transfers between collectively assessed and individually assessed.*
2. *New and increased provisions (net of releases) includes:*

	Mar 24 half		*Sep 23 half*		*Mar 23 half*	
	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	*1*	*201*	*(62)*	*235*	*168*	*237*
Off-balance sheet commitments – undrawn and contingent facilities	*30*	*-*	*42*	*4*	*1*	*-*
Investment securities - debt securities at amortised cost	*(1)*	*-*	*7*	*-*	*(8)*	*-*
Investment securities - debt securities at FVOCI	*2*	*-*	*2*	*-*	*2*	*-*
Total	***32***	***201***	***(11)***	***239***	***163***	***237***

3. *Consists of write-backs in Net loans and advances at amortised cost of $80 million for the March 2024 half (Sep 23 half: $48 million; Mar 23 half: $164 million), and Off-balance sheet commitment of $5 million for the March 2024 half (Sep 23 half: $2 million; Mar 23 half: $2 million).*

9. Deposits and other borrowings

	As at			Movement	
	Mar 24 $M	Sep 23 $M	Mar 23 $M	Mar 24 v. Sep 23	Mar 24 v. Mar 23
Australia					
Certificates of deposit	**30,572**	33,613	37,920	-9%	-19%
Term deposits	**86,857**	79,518	76,341	9%	14%
On demand and short term deposits	**283,400**	278,295	270,725	2%	5%
Deposits not bearing interest	**19,955**	20,856	22,815	-4%	-13%
Deposits from banks and securities sold under repurchase agreements	**38,425**	42,493	53,990	-10%	-29%
Commercial paper and other borrowings	**42,267**	31,224	36,475	35%	16%
Total Australia	**501,476**	485,999	498,266	3%	1%
New Zealand					
Certificates of deposit	**1,800**	2,167	1,392	-17%	29%
Term deposits	**52,762**	50,451	47,598	5%	11%
On demand and short term deposits	**55,569**	56,479	56,307	-2%	-1%
Deposits not bearing interest	**15,825**	16,438	18,103	-4%	-13%
Deposits from banks and securities sold under repurchase agreements	**3,912**	4,123	4,398	-5%	-11%
Commercial paper and other borrowings	**3,152**	2,098	2,596	50%	21%
Total New Zealand	**133,020**	131,756	130,394	1%	2%
Rest of World					
Certificates of deposit	**6,723**	6,139	5,233	10%	28%
Term deposits	**100,919**	117,924	127,467	-14%	-21%
On demand and short term deposits	**20,569**	21,827	24,125	-6%	-15%
Deposits not bearing interest	**5,479**	5,612	5,453	-2%	0%
Deposits from banks and securities sold under repurchase agreements	**39,003**	45,946	52,160	-15%	-25%
Total Rest of World	**172,693**	197,448	214,438	-13%	-19%
Deposits and other borrowings	**807,189**	815,203	843,098	-1%	-4%

10. Debt issuances

	As at			Movement	
	Mar 24 $M	Sep 23 $M	Mar 23 $M	Mar 24 v. Sep 23	Mar 24 v. Mar 23
Total unsubordinated debt	**90,763**	82,336	73,443	10%	24%
Additional Tier 1 Capital (perpetual subordinated securities)[1]					
ANZ Capital Notes (ANZ CN)[2]					
ANZ CN4[3]	**-**	1,621	1,620	large	large
ANZ CN5	**930**	929	929	0%	0%
ANZ CN6	**1,490**	1,489	1,488	0%	0%
ANZ CN7	**1,299**	1,298	1,297	0%	0%
ANZ CN8	**1,484**	1,483	1,482	0%	0%
ANZ CN9[3]	**1,678**	-	-	n/a	n/a
ANZ Capital Securities[4]	**1,434**	1,412	1,380	2%	4%
Tier 2 Capital - Term Subordinated Notes[5]	**26,754**	23,707	22,797	13%	17%
Other subordinated debt securities[6]	**1,277**	1,739	1,721	-27%	-26%
Total subordinated debt	**36,346**	33,678	32,714	8%	11%
Total debt issuances	**127,109**	116,014	106,157	10%	20%

1. *ANZ Capital Notes and ANZ Capital Securities are Basel 3 compliant instruments.*
2. *Each of the ANZ Capital Notes will convert into a variable number of ordinary shares of ANZGHL on a specified mandatory conversion date at a 1% discount (subject to certain conditions being satisfied). If ANZBGL's Common Equity Tier 1 capital ratio is equal to or less than 5.125%, or ANZBGL receives a notice of non-viability from APRA, then the notes will immediately convert into a variable number of ordinary shares of ANZGHL at a 1% discount subject to a maximum conversion number. Subject to certain conditions, the notes are redeemable or convertible into ordinary shares of ANZGHL (on similar terms to mandatory conversion) by ANZBGL at its discretion on an early redemption or conversion date.*

	Issuer	Issue date	Issue amount $M	Early redemption or conversion date	Mandatory conversion date
CN4	ANZBGL	27 Sep 2016	1,622	20 Mar 2024	20 Mar 2026
CN5	ANZBGL	28 Sep 2017	931	20 Mar 2025	20 Mar 2027
CN6	ANZBGL	8 Jul 2021	1,500	20 Mar 2028	20 Sep 2030
CN7	ANZBGL	24 Mar 2022	1,310	20 Mar 2029	20 Sep 2031
CN8	ANZBGL	24 Mar 2023	1,500	20 Mar 2030	20 Sep 2032
CN9	ANZBGL	20 Mar 2024	1,700	20 Mar 2031	20 Sep 2033

3. *ANZBGL fully redeemed ANZ CN4 on 20 March 2024. Approximately $905 million of the proceeds from ANZ CN4 were reinvested into ANZ CN9, which was issued by ANZBGL on the same date.*
4. *On 15 June 2016, ANZBGL, acting through its London branch, issued USD 1 billion fully-paid perpetual subordinated contingent convertible securities (ANZ Capital Securities). If ANZBGL's Common Equity Tier 1 capital ratio is equal to or less than 5.125%, or ANZBGL receives a notice of non-viability from APRA, then the securities will immediately convert into a variable number of ANZGHL ordinary shares at a 1% discount subject to a maximum conversion number. Subject to certain conditions, on the First Reset Date (15 June 2026) and on each 5-year anniversary, ANZ has the right to redeem all of the securities at its discretion.*
5. *All the term subordinated notes are convertible and are Basel 3 compliant instruments. If ANZBGL receives a notice of non-viability from APRA, then the convertible subordinated notes will immediately convert into a variable number of ordinary shares of ANZGHL at a 1% discount subject to a maximum conversion number.*
6. *ANZ Bank New Zealand Limited, a wholly owned subsidiary of ANZGHL, issued NZD 600 million and USD 500 million of unsecured subordinated notes in September 2021 and August 2022 respectively. Whilst these notes constitute Tier 2 capital under RBNZ requirements, the notes do not contain a Non-Viability Trigger Event and therefore do not meet APRA's requirements for Tier 2 capital instruments to qualify as regulatory capital for the Group. The USD 300 million perpetual subordinated notes issued by ANZBGL, which were contained in other subordinated debt, were redeemed on 31 October 2023.*

11. Credit risk

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 the 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 As at			Excluded[1] As at			Maximum Exposure to Credit Risk As at		
On-balance sheet positions	**Mar 24 $M**	**Sep 23 $M**	**Mar 23 $M**	**Mar 24 $M**	**Sep 23 $M**	**Mar 23 $M**	**Mar 24 $M**	**Sep 23 $M**	**Mar 23 $M**
Net loans and advances	**715,821**	707,694	690,737	**-**	-	-	**715,821**	707,694	690,737
Investment securities									
- debt securities at amortised cost	**7,900**	7,752	7,912	**-**	-	-	**7,900**	7,752	7,912
- debt securities at FVOCI	**108,530**	88,271	84,589	**-**	-	-	**108,530**	88,271	84,589
- equity securities at FVOCI	**1,188**	946	997	**1,188**	946	997	**-**	-	-
- debt securities at FVTPL	**-**	-	7	**-**	-	-	**-**	-	7
Other financial assets	**244,928**	288,534	314,685	**8,640**	15,300	8,521	**236,288**	273,234	306,164
Total on-balance sheet positions	**1,078,367**	1,093,197	1,098,927	**9,828**	16,246	9,518	**1,068,539**	1,076,951	1,089,409
Off-balance sheet commitments									
Undrawn and contingent facilities[2]	**289,371**	290,055	292,550	**-**	-	-	**289,371**	290,055	292,550
Total	**1,367,738**	1,383,252	1,391,477	**9,828**	16,246	9,518	**1,357,910**	1,367,006	1,381,959

1. *Excluded comprises bank notes and coins and cash at bank within Other financial assets, and investment securities - equity securities at FVOCI as they do not have credit exposure.*
2. *Undrawn and contingent facilities include guarantees, letters of credit and performance related contingencies, net of collectively assessed allowance for ECL.*

Credit Quality

The Group's internal Customer Credit Rating (CCR) is used 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 Requirement	Moody's Rating	Standard & Poor's Rating
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

11. Credit risk, cont'd

Net loans and advances

As at March 2024	Stage 1 $M	Stage 2 $M	Stage 3 Collectively assessed $M	Stage 3 Individually assessed $M	Total $M
Strong	405,604	16,931	-	-	422,535
Satisfactory	199,316	39,766	-	-	239,082
Weak	12,541	12,086	-	-	24,627
Defaulted	-	-	5,011	880	5,891
Gross loans and advances at amortised cost	**617,461**	**68,783**	**5,011**	**880**	**692,135**
Allowance for ECL	(1,232)	(1,538)	(399)	(320)	(3,489)
Net loans and advances at amortised cost	**616,229**	**67,245**	**4,612**	**560**	**688,646**
Coverage ratio	**0.20%**	**2.24%**	**7.96%**	**36.36%**	**0.50%**
Loans and advances at fair value through profit or loss					24,027
Unearned income					(494)
Capitalised brokerage and other origination costs					3,642
Net carrying amount					**715,821**

As at September 2023	Stage 1 $M	Stage 2 $M	Stage 3 Collectively assessed $M	Stage 3 Individually assessed $M	Total $M
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 fair value through profit or loss					21,888
Unearned income					(515)
Capitalised brokerage and other origination costs					3,475
Net carrying amount					**707,694**

As at March 2023	Stage 1 $M	Stage 2 $M	Stage 3 Collectively assessed $M	Stage 3 Individually assessed $M	Total $M
Strong	416,703	14,678	-	-	431,381
Satisfactory	176,054	40,305	-	-	216,359
Weak	10,072	10,293	-	-	20,365
Defaulted	-	-	3,378	804	4,182
Gross loans and advances at amortised cost	**602,829**	**65,276**	**3,378**	**804**	**672,287**
Allowance for ECL	(1,159)	(1,729)	(356)	(414)	(3,658)
Net loans and advances at amortised cost	**601,670**	**63,547**	**3,022**	**390**	**668,629**
Coverage ratio	**0.19%**	**2.65%**	**10.54%**	**51.49%**	**0.54%**
Loans and advances at fair value through profit or loss					19,469
Unearned income					(526)
Capitalised brokerage and other origination costs					3,165
Net carrying amount					**690,737**

11. Credit risk, cont'd

Off-balance sheet commitments - undrawn and contingent facilities

			Stage 3		
As at March 2024	**Stage 1 $M**	**Stage 2 $M**	**Collectively assessed $M**	**Individually assessed $M**	**Total $M**
Strong	193,490	1,204	-	-	194,694
Satisfactory	23,826	3,648	-	-	27,474
Weak	984	719	-	-	1,703
Defaulted	-	-	73	49	122
Gross undrawn and contingent facilities subject to ECL	**218,300**	**5,571**	**73**	**49**	**223,993**
Allowance for ECL included in Other provisions	(653)	(167)	(24)	(5)	(849)
Net undrawn and contingent facilities subject to ECL	**217,647**	**5,404**	**49**	**44**	**223,144**
Coverage ratio	**0.30%**	**3.00%**	**32.88%**	**10.20%**	**0.38%**
Undrawn and contingent facilities not subject to ECL[1]					66,227
Net undrawn and contingent facilities					**289,371**
As at 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	(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 March 2023					
Strong	200,066	1,439	-	-	201,505
Satisfactory	18,769	2,742	-	-	21,511
Weak	904	782	-	-	1,686
Defaulted	-	-	89	24	113
Gross undrawn and contingent facilities subject to ECL	**219,739**	**4,963**	**89**	**24**	**224,815**
Allowance for ECL included in Other provisions	(586)	(152)	(29)	(7)	(774)
Net undrawn and contingent facilities subject to ECL	**219,153**	**4,811**	**60**	**17**	**224,041**
Coverage ratio	**0.27%**	**3.06%**	**32.58%**	**29.17%**	**0.34%**
Undrawn and contingent facilities not subject to ECL[1]					68,509
Net undrawn and contingent facilities					**292,550**

1. *Commitments that can be unconditionally cancelled at any time without notice.*

11. Credit risk, cont'd

Investment securities - debt securities at amortised cost

			Stage 3		
As at March 2024	**Stage 1 $M**	**Stage 2 $M**	**Collectively assessed $M**	**Individually assessed $M**	**Total $M**
Strong	6,018	-	-	-	6,018
Satisfactory	137	-	-	-	137
Weak	1,778	-	-	-	1,778
Gross investment securities - debt securities at amortised cost	**7,933**	**-**	**-**	**-**	**7,933**
Allowance for ECL	(33)	-	-	-	(33)
Net investment securities - debt securities at amortised cost	**7,900**	**-**	**-**	**-**	**7,900**
Coverage ratio	**0.42%**	**-**	**-**	**-**	**0.42%**
As at 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 March 2023					
Strong	6,191	-	-	-	6,191
Satisfactory	82	-	-	-	82
Weak	1,668	-	-	-	1,668
Gross investment securities - debt securities at amortised cost	**7,941**	**-**	**-**	**-**	**7,941**
Allowance for ECL	(29)	-	-	-	(29)
Net investment securities - debt securities at amortised cost	**7,912**	-	-	-	**7,912**
Coverage ratio	**0.37%**	-	-	-	**0.37%**

Investment securities - debt securities at FVOCI

			Stage 3		
As at March 2024	**Stage 1 $M**	**Stage 2 $M**	**Collectively assessed $M**	**Individually assessed $M**	**Total $M**
Strong	108,530	-	-	-	108,530
Investment securities - debt securities at FVOCI	**108,530**	**-**	**-**	**-**	**108,530**
Allowance for ECL recognised in Other comprehensive income	(17)	-	-	-	(17)
Coverage ratio	**0.02%**	**-**	**-**	**-**	**0.02%**
As at September 2023					
Strong	88,271	-	-	-	88,271
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 March 2023					
Strong	84,589	-	-	-	84,589
Investment securities - debt securities at FVOCI	**84,589**	-	-	-	**84,589**
Allowance for ECL recognised in Other comprehensive income	(13)	-	-	-	(13)
Coverage ratio	**0.02%**	**-**	**-**	**-**	**0.02%**

11. Credit risk, cont'd

Other financial assets

	As at		
	Mar 24 $M	**Sep 23 $M**	**Mar 23 $M**
Strong	**230,915**	270,012	302,765
Satisfactory[1]	**4,533**	2,618	2,333
Weak	**840**	604	1,069
Defaulted	**-**	-	4
Other financial assets[1]	**236,288**	273,234	306,171

1. *Includes Investment securities - debt securities at FVTPL of nil (Sep 23: nil; Mar 23: $7 million).*

12. 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 assets and liabilities according to their measurement bases with their carrying amounts as recognised on the balance sheet.

As at March 2024	At amortised cost $M	At fair value $M	Total $M
Financial assets			
Cash and cash equivalents	**114,632**	**23,064**	**137,696**
Settlement balances owed to ANZ	**3,809**	**-**	**3,809**
Collateral paid	**8,241**	**-**	**8,241**
Trading assets	**-**	**42,442**	**42,442**
Derivative financial instruments	**-**	**47,481**	**47,481**
Investment securities	**7,900**	**109,718**	**117,618**
Net loans and advances	**691,794**	**24,027**	**715,821**
Regulatory deposits	**696**	**-**	**696**
Other financial assets	**4,563**	**-**	**4,563**
Total	**831,635**	**246,732**	**1,078,367**
Financial liabilities			
Settlement balances owed by ANZ	**15,026**	**-**	**15,026**
Collateral received	**7,409**	**-**	**7,409**
Deposits and other borrowings	**777,102**	**30,087**	**807,189**
Derivative financial instruments	**-**	**42,728**	**42,728**
Payables and other liabilities	**11,039**	**6,943**	**17,982**
Debt issuances	**125,362**	**1,747**	**127,109**
Total	**935,938**	**81,505**	**1,017,443**

As at September 2023	At amortised cost $M	At fair value $M	Total $M
Financial assets			
Cash and cash equivalents	140,588	27,566	168,154
Settlement balances owed to ANZ	9,349	-	9,349
Collateral paid	8,558	-	8,558
Trading assets	-	37,004	37,004
Derivative financial instruments	-	60,406	60,406
Investment securities	7,752	89,217	96,969
Net loans and advances	685,806	21,888	707,694
Regulatory deposits	646	-	646
Other financial assets	4,417	-	4,417
Total	857,116	236,081	1,093,197
Financial liabilities			
Settlement balances owed by ANZ	19,267	-	19,267
Collateral received	10,382	-	10,382
Deposits and other borrowings	781,314	33,889	815,203
Derivative financial instruments	-	57,482	57,482
Payables and other liabilities	10,717	5,267	15,984
Debt issuances	114,678	1,336	116,014
Total	936,358	97,974	1,034,332

12. Fair value of financial assets and financial liabilities, cont'd

As at March 2023	At amortised cost $M	At fair value $M	Total $M
Financial assets			
Cash and cash equivalents	184,092	24,708	208,800
Settlement balances owed to ANZ	7,020	-	7,020
Collateral paid	9,245	-	9,245
Trading assets	-	39,611	39,611
Derivative financial instruments	-	45,614	45,614
Investment securities	7,912	85,593	93,505
Net loans and advances	671,268	19,469	690,737
Regulatory deposits	646	-	646
Other financial assets	3,749	-	3,749
Total	883,932	214,995	1,098,927
Financial liabilities			
Settlement balances owed by ANZ	23,010	-	23,010
Collateral received	8,002	-	8,002
Deposits and other borrowings	811,770	31,328	843,098
Derivative financial instruments	-	46,154	46,154
Payables and other liabilities	9,208	4,733	13,941
Debt issuances	104,626	1,531	106,157
Total	956,616	83,746	1,040,362

12. Fair value of financial assets and financial liabilities, cont'd

Financial Assets and Financial Liabilities Measured at Fair Value

The fair values of financial assets and financial liabilities are generally determined at the individual instrument level. If the Group holds offsetting risk positions, then the portfolio exception in AASB 13 *Fair Value Measurement* (AASB 13) is used to measure the fair value of such groups of financial assets and financial liabilities. The Group measures 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.

a) Fair value designation

The Group designates certain loans and advances, deposits and other borrowings and debt issuances as fair value through profit or loss:

- where they contain separable embedded derivatives and are managed on a fair value basis, the total fair value movements are recognised in profit or loss in the same period as the movement on any associated hedging instruments; or
- in order to eliminate an accounting mismatch which would arise if the assets or liabilities were otherwise carried at amortised cost. This mismatch arises due to measuring the derivative financial instruments (used to mitigate interest rate risk of these assets or liabilities) at fair value through profit or loss.

The Group's approach ensures that it recognises 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, 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 financial instruments are managed.

b) Fair value approach and valuation techniques

The Group uses 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 for that asset or liability exists. 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 curves 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.

c) 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.

There were no significant changes to levelling approaches during the current or prior periods.

12. Fair value of financial assets and financial liabilities, cont'd

The following table presents financial assets and financial liabilities carried at fair value in accordance with the fair value hierarchy:

	Fair value measurements			
As at March 2024	**Level 1 $M**	**Level 2 $M**	**Level 3 $M**	**Total $M**
Assets				
Cash and cash equivalents (measured at fair value)	**-**	**23,064**	**-**	**23,064**
Trading assets[1]	**29,315**	**13,126**	**1**	**42,442**
Derivative financial instruments	**228**	**47,226**	**27**	**47,481**
Investment securities[1]	**87,121**	**21,651**	**946**	**109,718**
Net loans and advances (measured at fair value)	**-**	**23,428**	**599**	**24,027**
Total	**116,664**	**128,495**	**1,573**	**246,732**
Liabilities				
Deposits and other borrowings (designated at fair value)	**-**	**30,087**	**-**	**30,087**
Derivative financial instruments	**192**	**42,521**	**15**	**42,728**
Payables and other liabilities	**6,659**	**284**	**-**	**6,943**
Debt issuances (designated at fair value)	**-**	**1,747**	**-**	**1,747**
Total	**6,851**	**74,639**	**15**	**81,505**
As at September 2023				
Assets				
Cash and cash equivalents (measured at fair value)	-	27,566	-	27,566
Trading assets[1]	26,388	10,614	2	37,004
Derivative financial instruments	935	59,448	23	60,406
Investment securities[1]	71,355	16,924	938	89,217
Net loans and advances (measured at fair value)	-	21,159	729	21,888
Total	98,678	135,711	1,692	236,081
Liabilities				
Deposits and other borrowings (designated at fair value)	-	33,889	-	33,889
Derivative financial instruments	218	57,241	23	57,482
Payables and other liabilities	4,841	426	-	5,267
Debt issuances (designated at fair value)	-	1,336	-	1,336
Total	5,059	92,892	23	97,974
As at March 2023				
Assets				
Cash and cash equivalents (measured at fair value)	-	24,708	-	24,708
Trading assets[1]	26,593	13,017	1	39,611
Derivative financial instruments	315	45,275	24	45,614
Investment securities[1]	68,176	16,421	996	85,593
Net loans and advances (measured at fair value)	-	19,089	380	19,469
Total	95,084	118,510	1,401	214,995
Liabilities				
Deposits and other borrowings (designated at fair value)	-	31,328	-	31,328
Derivative financial instruments	765	45,363	26	46,154
Payables and other liabilities	3,572	1,161	-	4,733
Debt issuances (designated at fair value)	-	1,531	-	1,531
Total	4,337	79,383	26	83,746

1. *During the March 2024 half, $2,435 million of assets were transferred from Level 1 to Level 2 (Sep 23: $3,624 million; Mar 23: $7,246 million), and $4,082 million of assets were transferred from Level 2 to Level 1 (Sep 23: $1,452 million; Mar 23: $1,181 million) due to a change of the observability of bond valuation inputs. There were no other material transfers during the period. Transfers into and out of levels are measured at the beginning of the reporting period in which the transfer occurred.*

12. Fair value of financial assets and financial liabilities, cont'd

Fair Value Measurements Incorporating Unobservable Market Data

a) Level 3 fair value measurements

Level 3 financial instruments are a net asset of $1,558 million (Sep 23: $1,669 million; Mar 23: $1,375 million). 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

There were no transfers into or out of Level 3 during the period.

The material Level 3 financial instruments as at 31 March 2024 are summarised 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 March 2024, the BoT equity holding balance was $848 million (Sep 23: $849 million, Mar 23: $900 million).

Other equity investments

The Group holds $98 million (Sep 23: $89 million; Mar 23: $89 million) of unlisted equities classified as FVOCI, for which there are no active markets or traded prices available, resulting in a Level 3 classification. The increase in unlisted equity holdings balance was mainly due to additional investment purchases and foreign currency translation impacts during the March 2024 half.

ii) Net loans and advances - classified as FVTPL

Syndicated loans

The Group holds $599 million (Sep 23: $729 million; Mar 23: $380 million) of syndicated loans for sale which are measured at FVTPL for which there is no observable market data available. The decrease in the Level 3 loan balances for the March 2024 half was mainly due to foreign currency translation impacts as well as scheduled repayments.

b) 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 valuations of the equity investments are sensitive to variations in selected 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 $95 million increase or decrease in the fair value of the portfolio, which would be recognised in shareholders' equity in the Group, 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. For the syndicated loans which are primarily investment-grade loans, an increase or decrease in credit spreads would have an immaterial impact on net profit or net assets of the Group. For the remaining syndicated loans, the Group may, where deemed necessary, utilise Credit Risk Insurance to mitigate the credit risks associated with those loans. The effect of this would also result in an immaterial impact to the 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.

c) Deferred fair value gains and losses

Where fair value is 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 determined based on the valuation technique (day one gain or loss) in profit or loss. After initial recognition, the Group recognises 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.

12. Fair value of financial assets and financial liabilities, cont'd

Financial Assets and Liabilities Not Measured at Fair Value

The financial assets and financial liabilities listed below are measured 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 table 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.

	Carrying amount in the balance sheet			Fair value
As at March 2024	**At amortised cost $M**	**At fair value $M**	**Total $M**	**$M**
Financial assets				
Investment securities[1]	**7,900**	**109,718**	**117,618**	**117,616**
Net loans and advances	**691,794**	**24,027**	**715,821**	**714,934**
Total	**699,694**	**133,745**	**833,439**	**832,550**
Financial liabilities				
Deposits and other borrowings	**777,102**	**30,087**	**807,189**	**806,994**
Debt issuances	**125,362**	**1,747**	**127,109**	**127,921**
Total	**902,464**	**31,834**	**934,298**	**934,915**
As at September 2023				
Financial assets				
Investment securities[1]	7,752	89,217	96,969	96,929
Net loans and advances	685,806	21,888	707,694	705,627
Total	693,558	111,105	804,663	802,556
Financial liabilities				
Deposits and other borrowings	781,314	33,889	815,203	814,995
Debt issuances	114,678	1,336	116,014	115,989
Total	895,992	35,225	931,217	930,984
As at March 2023				
Financial assets				
Investment securities[1]	7,912	85,593	93,505	93,491
Net loans and advances	671,268	19,469	690,737	688,107
Total	679,180	105,062	784,242	781,598
Financial liabilities				
Deposits and other borrowings	811,770	31,328	843,098	842,750
Debt issuances	104,626	1,531	106,157	105,800
Total	916,396	32,859	949,255	948,550

1. *Investment securities at amortised cost includes $5,262 million of assets that are part of the Group's liquidity portfolio (Sep 23: $4,558 million; Mar 23: $4,260 million). 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 asset securities at 31 March 2024.*

13. Shareholders' equity

Shareholders' Equity

Shareholders' equity	As at Mar 24 $M	As at Sep 23 $M	As at Mar 23 $M	Movement Mar 24 v. Sep 23	Movement Mar 24 v. Mar 23
Ordinary share capital	**29,033**	29,082	29,054	0%	0%
Reserves					
Foreign currency translation reserve[1]	**192**	570	644	-66%	-70%
Share option reserve	**72**	82	58	-12%	24%
FVOCI reserve	**(632)**	(554)	(458)	14%	38%
Cash flow hedge reserve	**(1,120)**	(1,872)	(1,287)	-40%	-13%
Transactions with non-controlling interests reserve	**(22)**	(22)	(22)	0%	0%
Total reserves	**(1,510)**	(1,796)	(1,065)	-16%	42%
Retained earnings	**41,911**	41,277	40,082	2%	5%
Share capital and reserves attributable to shareholders of the Company	**69,434**	68,563	68,071	1%	2%
Non-controlling interests	**768**	522	525	47%	46%
Total shareholders' equity	**70,202**	69,085	68,596	2%	2%

1. *As a result of the closure of a number of international entities, the associated foreign currency translation reserve was recycled from Other comprehensive income to profit or loss, resulting in a $20 million gain recognised in Other operating income in the March 2024 half (Sep 23 half: $43 million gain; Mar 23 half: nil).*

Ordinary Share Capital

Ordinary shares	As at Mar 24 No.	As at Sep 23 No.	As at Mar 23 No.
Opening balance	**3,003,366,782**	3,003,366,782	2,989,923,751
Bonus option plan	**-**	-	1,657,422
Dividend reinvestment plan issuances	**-**	-	8,406,978
Employee share and option plans	**-**	-	3,378,631
Closing balance[1]	**3,003,366,782**	3,003,366,782	3,003,366,782

1. *Following the establishment of ANZGHL, the parent entity of ANZBGL, shares held by ANZEST Pty Ltd are no longer considered treasury shares to the Group.*

Non-Controlling Interests

	Profit attributable to non-controlling interests			Equity attributable to non-controlling interests			Dividend paid to non-controlling interests		
	Half Year			As at			Half Year		
	Mar 24 $M	Sep 23 $M	Mar 23 $M	Mar 24 $M	Sep 23 $M	Mar 23 $M	Mar 24 $M	Sep 23 $M	Mar 23 $M
ANZ Bank New Zealand PPS[1]	**13**	13	13	**757**	512	515	**13**	13	13
Other non-controlling interests	**1**	1	1	**11**	10	10	**-**	1	-
Total	**14**	14	14	**768**	522	525	**13**	14	13

1. *On 19 March 2024, ANZ Bank New Zealand Limited issued $256 million (NZD 275 million) of PPS.*

ANZ Bank New Zealand Perpetual Preference Shares

Perpetual Preference Shares (PPS) issued by ANZ Bank New Zealand Limited (ANZ Bank New Zealand), a member of the Group, are considered non-controlling interests of the Group.

The key terms of the PPS are as follows:

PPS dividends

Holders of PPS are entitled to receive dividends that are discretionary, non-cumulative and subject to conditions. If a PPS dividend is not paid, there are certain restrictions on the ability of the Bank to pay a dividend on its ordinary shares. Holders of the PPS have no other rights to participate in the profits or property of ANZ Bank New Zealand.

Redemption features

Holders of PPS have no right to require that the PPS be redeemed. ANZ Bank New Zealand may, at its option, redeem PPS on an optional redemption date (being each scheduled quarterly dividend payment date from the first optional redemption date), or at any time following the occurrence of a tax event or regulatory event, subject to prior written approval of RBNZ and certain other conditions being met.

14. Changes in composition of the Group

There were no acquisitions or disposals of material controlled entities for the half year ended 31 March 2024.

15. Investments in associates

	Half Year			Movement	
	Mar 24 $M	Sep 23 $M	Mar 23 $M	Mar 24 v. Sep 23	Mar 24 v. Mar 23
Share of associates' profit/(loss)	**96**	125	100	-23%	-4%

Contributions to profit	Contribution to Group profit after tax			Ownership interest held by Group		
Associates	Half Year			As at		
	Mar 24 $M	Sep 23 $M	Mar 23 $M	Mar 24 %	Sep 23 %	Mar 23 %
P.T. Bank Pan Indonesia (PT Panin)	**31**	67	56	**39**	39	39
AMMB Holdings Berhad (AmBank)[1]	**65**	58	63	**5**	22	22
Other associates	**-**	-	(19)	**n/a**	n/a	n/a
Share of associates' profit/(loss)	**96**	125	100			

1. *On 6 March 2024, the Group partially disposed of its interest in AmBank, reducing its investment by $668 million and its ordinary share interest from 22% to 5%. Following the decrease in ownership, the Group ceased equity accounting for AmBank and reclassified the investment of $221 million as Investment securities at fair value through other comprehensive income.*

16. Related party disclosure

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.

17. Commitments, contingent liabilities and contingent assets

Credit Related Commitments and Contingencies

	Half Year			Movement	
	Mar 24 $M	Sep 23 $M	Mar 23 $M	Mar 24 v. Sep 23	Mar 24 v. Mar 23
Contract amount of:					
Undrawn facilities	**239,898**	240,711	243,975	0%	-2%
Guarantees and letters of credit	**23,390**	23,556	23,090	-1%	1%
Performance related contingencies	**26,932**	26,615	26,259	1%	3%
Total	**290,220**	290,882	293,324	0%	-1%

Other Contingent Liabilities and Contingent Assets

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 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 ANZBGL Annual Financial Report for a description of commitments, contingent liabilities and contingent assets as at 30 September 2023. A description of the contingent liabilities and contingent assets as at 31 March 2024 is set out below.

Other Contingent Liabilities

- **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 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. A civil penalty of $0.9 million was imposed on the Company. In December 2023, the Company lodged a Notice of Appeal from the decision of the Federal Court of Australia.

- **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. An agreement to settle the claim was reached in March 2024. The Company will pay $57.5 million in the settlement, which is covered by an existing provision. The settlement is without admission of liability and remains subject to court approval.

17. Commitments, contingent liabilities and contingent assets, cont'd

- **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**

  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 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 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.

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.

18. Pending organisational changes impacting future reporting periods

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. On 20 February 2024, the Australian Competition Tribunal announced it had authorised the proposed acquisition following the decision in August 2023 by the Australian Competition and Consumer Commission to not authorise the acquisition. 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, the acquisition is expected to occur in mid-calendar year 2024.

19. Significant events since balance date

There have been no significant events from 31 March 2024 to the date of signing this report.

Directors' Declaration

The Directors of Australia and New Zealand Banking Group Limited declare that:

1. in the Directors' opinion the Condensed Consolidated Financial Statements and Notes to the Condensed Consolidated Financial Statements are in accordance with the *Corporations Act 2001*, including:
   - section 304, that they comply with the Australian Accounting Standards and any further requirements in the *Corporations Regulations 2001*; and
   - section 305, that they give a true and fair view of the financial position of the Group as at 31 March 2024 and of its performance for the half year ended on that date; and
2. in the Directors' opinion as at the date of this declaration 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

6 May 2024

KPMG

Independent Auditor's Review Report to the shareholders of Australia and New Zealand Banking Group Limited

Conclusion

We have reviewed the accompanying Condensed Consolidated Financial Statements of Australia and New Zealand Banking Group Limited (the Group).

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Condensed Consolidated Financial Statements of Australia and New Zealand Banking Group Limited do not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 March 2024 and of its performance for the half year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The Condensed Consolidated Financial Statements comprise:

- The condensed consolidated balance sheet as at 31 March 2024;
- The condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, and condensed consolidated cash flow statement for the half year ended on that date;
- Notes 1 to 19 including selected explanatory notes; and
- The Directors' Declaration.

The Group comprises Australia and New Zealand Banking Group Limited (the Company) and the entities it controlled at the half year's end or from time to time during the half year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* and *ISRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity.* Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of 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 audit of the annual report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Directors for the Condensed Consolidated Financial Statements

The Directors of the Company are responsible for:

- the preparation of the Condensed Consolidated Financial Statements that give a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Condensed Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Condensed Consolidated Financial Statements

Our responsibility is to express a conclusion on the Condensed Consolidated Financial Statements based on our review. ASRE 2410 and ISRE 2410 require us to conclude whether we have become aware of any matter that makes us believe that the Condensed Consolidated Financial Statements do not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 March 2024 and its performance for the half year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of Condensed Consolidated Financial Statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and *International Standards on Auditing* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

Maria Trinci

KPMG

Maria Trinci
Partner

Melbourne
6 May 2024

KPMG

Lead Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001*

To the Directors of Australia and New Zealand Banking Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Australia and New Zealand Banking Group Limited for the half year ended 31 March 2024, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Maria Trinci

Maria Trinci
Partner

Melbourne
6 May 2024