

Liquidity

	Average	
	2023	2022
Total liquid assets (\$b) ¹	268.3	241.7
Liquidity Coverage Ratio (LCR) ¹	130%	131%

¹ Full year average, calculated as prescribed per APRA Prudential Regulatory Standard (APS 210 Liquidity) and consistent with APS 330 requirements.

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: 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: 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: eligible securities listed by the RBNZ and assets qualifying as collateral for the CLF.

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.

The LCR remained above the regulatory minimum of 100% throughout this period.

Funding

	2023 \$b	2022 \$b
Customer liabilities (funding)	659.1	628.4
Wholesale funding	316.8	300.3
Shareholders' equity	69.1	66.4
Total funding	1,045.0	995.1
Net Stable Funding Ratio	116%	119%

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

Net Stable Funding Ratio remained above the regulatory minimum of 100% throughout this period.

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

Capital management¹

	2023	2022	Movt
Common Equity Tier 1 (Level 2)			
- APRA Basel III	13.3%	12.3%	
Credit risk weighted assets (\$b)	349.0	359.4	-3%
Total risk weighted assets (\$b)	433.3	454.7	-5%
APRA Leverage Ratio	5.4%	5.4%	

¹ 2022 comparatives are based on APRA Basel 3 requirements, whereas 2023 is based on the Capital Reform Requirements.

ANZ's framework includes managing to Board approved risk appetite settings and maintaining all regulatory requirements. APRA requirements at Level 1 and Level 2 include ANZ operating at or above APRA's expectation for Domestic Systematically Important Banks (D-SIBs) following the implementation of APRA's Capital Reform which was effective January 2023.

APRA, under the authority of the *Banking Act 1959*, sets minimum regulatory requirements for banks including what is acceptable as regulatory capital and provides methods of measuring the risks incurred by ANZ Bank Group.

APRA Capital Reform

APRA released new bank capital adequacy requirements applying to Australian incorporated registered banks, which are set out in APRA's Banking Prudential Standard documents. ANZ implemented these new requirements from 1 January 2023. The application of APRA Capital Reform reduced RWA by \$34.5 billion, equivalent to a 100 bps CET1 ratio benefit. This was partially offset by APRA's expectations that ADIs operate a higher capital ratio to maintain an unquestionably strong level.

The ANZ Bank Group's Common Equity Tier 1 ratio was 13.3% based on APRA Basel III standards, exceeding APRA's minimum requirements. It increased 105 bps driven by cash earnings, and APRA Capital Reform impacts. This was partially offset by the impact of dividends paid during the year, underlying RWA movement, capital deductions and surplus capital transferred to ANZGHL as part of the Restructure.

At 30 September 2023, the Group's APRA leverage ratio was 5.4% which is above the 3.5% proposed minimum for internal ratings-based approach ADI (IRB ADI), which includes ANZ.

Dividends

ANZBGL paid the following dividends during the year:

- \$2,213 million final dividend to ANZ shareholders on 15 December 2022;
- \$1,000 million special dividend to its intermediate holding company, ANZ BH Pty Ltd, a wholly owned subsidiary of ANZGHL, as part of the Restructure on 3 January 2023; and
- \$2,387 million interim dividend to ANZ BH Pty Ltd on 3 July 2023.

On 10 November 2023, the Directors proposed a final dividend of \$2,825 million be paid on 22 December 2023, to ANZ BH Pty Ltd.

Further details on dividends provided for or paid during the year ended 30 September 2023 are set out in Note 6 Dividends in the Financial Report.