



2024 BASEL III PILLAR 3 DISCLOSURE

AS AT 30 JUNE 2024

APS 330: PUBLIC DISCLOSURE

Important notice

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

Table 3 Capital adequacy - Capital Ratios and Risk Weighted Assets

Risk Weighted Assets	Jun 24 \$M	Mar 24 \$M	Dec 23 \$M
Subject to Advanced Internal Rating Based (IRB) approach			
Corporate	60,486	60,362	60,097
Residential Mortgage ¹	95,387	101,338	99,709
Retail SME	10,005	9,538	9,835
Qualifying Revolving Retail	3,314	3,344	3,299
Other Retail	1,675	1,664	1,680
Credit risk weighted assets subject to Advanced IRB approach	170,867	176,246	174,620
Subject to Foundation IRB approach			
Corporate	35,130	35,665	34,931
Sovereign	11,041	10,856	10,674
Financial Institutions	29,843	30,122	29,823
Credit risk weighted assets subject to Foundation IRB approach	76,014	76,643	75,428
Credit Risk Specialised Lending exposures subject to slotting approach²	3,762	3,579	3,370
Subject to Standardised approach			
Corporate	4,955	5,102	4,702
Sovereign	247	171	71
Residential Mortgage	1,941	1,853	2,199
Other Retail	93	92	92
Other Assets	3,834	3,790	3,516
Credit risk weighted assets subject to Standardised approach	11,070	11,008	10,580
Credit Valuation Adjustment and Qualifying Central Counterparties	5,052	5,304	4,564
Credit risk weighted assets relating to securitisation exposures	2,556	2,481	2,453
Exposures of New Zealand banking subsidiaries³	66,118	73,186	74,105
Total credit risk weighted assets	335,439	348,447	345,120
Market risk weighted assets	9,314	11,863	11,471
Operational risk weighted assets ⁴	43,274	43,274	43,274
Interest rate risk in the banking book (IRRBB) risk weighted assets	24,855	26,200	27,118
RWA adjustment for the IRB capital floor	20,331	2,995	1,865
Total Risk Weighted Assets	433,213	432,779	428,848

¹ Includes \$12.6 billion in overlays: \$3.0 billion for the PD model (new for June 2024 quarter) and \$9.6 billion for the LGD model.

² Specialised Lending exposures subject to supervisory slotting approach are those where the main servicing and repayment is from the asset being financed and includes project finance and object finance.

³ Prior period RWA for Exposures of New Zealand banking subsidiaries included \$14.2b (March) and \$14.5b (December) due to supervisory overlays resulting from risk weight floors required by RBNZ.

⁴ Includes a \$6.25 billion operational risk RWA overlay (\$500 million capital), subject to APRA's acceptance of ANZ's satisfactory remediation of matters identified through the Self-Assessments into Governance, Culture and Accountability.

Table 3 Capital adequacy - Capital Ratios and Risk Weighted Assets

	Jun 24 \$M	Mar 24 \$M	Dec 23 \$M
Capital Floor			
Risk weighted assets under the standardised approach			
Credit Risk ⁵	544,947	541,800	536,769
Market risk weighted assets	9,314	11,863	11,471
Operational risk weighted assets	43,274	43,274	43,274
Interest rate risk in the banking book (IRRBB) risk weighted assets	n/a	n/a	n/a
Total Risk Weighted Assets	597,535	596,937	591,514
Risk weighted assets prior to application of floor			
Credit Risk	335,439	348,447	345,120
Market risk weighted assets	9,314	11,863	11,471
Operational risk weighted assets	43,274	43,274	43,274
Interest rate risk in the banking book (IRRBB) risk weighted assets	24,855	26,200	27,118
Total Risk Weighted Assets	412,882	429,784	426,983
Capital floor at 72.5%	433,213	432,779	428,848
Capital floor adjustment	20,331	2,995	1,865
Capital ratios (%)			
Level 2 Common Equity Tier 1 capital ratio	13.3%	13.5%	13.1%
Level 2 Tier 1 capital ratio	15.2%	15.4%	15.0%
Level 2 Total capital ratio	21.5%	21.9%	20.6%
Basel III APRA level 2 CET1			
Common Equity Tier 1 Capital	57,576	58,412	55,992
Total Risk Weighted Assets	433,213	432,779	428,848
Common Equity Tier 1 capital ratio	13.3%	13.5%	13.1%
Basel III APRA level 1 Extended licensed entity CET1			
Common Equity Tier 1 Capital	48,047	49,367	46,184
Total Risk Weighted Assets	372,917	370,730	366,762
Common Equity Tier 1 capital ratio	12.9%	13.3%	12.6%

Credit Risk Weighted Assets (CRWA)⁶:

Credit RWA for 30 June totalled \$335.4 billion, a \$13.0 billion decrease quarter on quarter. The main drivers of this reduction include:

- Data, models and methodology (-\$17.0 billion).
 - Implementation of Probability of Default Models for Australia Mortgages, providing a net CRWA reduction of -\$8.9 billion and New Zealand Mortgages, for a net CRWA reduction of -\$6.8 billion.
 - Continued refinement in processes, data and associated methodology treatments (-\$0.9 billion).
- Foreign exchange and other movements (-\$1.4 billion).
- Portfolio Risk (+\$1.7 billion), with a \$1.1 billion increase in Australia Home Loans due to a moderate increase in 90 day + delinquency, in addition to \$0.5 billion for Australia Commercial with increased delinquency in Retail SME portfolios (+\$0.4 billion), combined with a small number of Corporate customer downgrades (+\$0.1 billion).
- Volume growth (+\$3.7 billion) with predominant movements including Institutional business (+\$2.2 billion), Australia Retail (+\$1.8 billion), and New Zealand (+\$0.3 billion), offset by Australia Commercial (-\$0.8 billion).

Market Risk and IRRBB RWA:

Traded Market Risk RWA decreased \$2.5 billion over the quarter, mainly driven by decrease in Standard VaR, Stressed VaR and capital multiplier. IRRBB RWA decreased \$1.3 billion primarily due to an improvement in Embedded Losses.

Capital Floor adjustment:

The above decreases in Credit, Market and IRRBB RWA contributed to a \$17.3 billion increase in the June 2024 quarter Capital Floor Adjustment. Further detail on the Capital Floor Adjustment increase is provided in the 'Update on capital position' ASX announcement and conference call on 8 August 2024, available on ANZ's Shareholder Centre at www.anz.com/shareholder/centre/investor-toolkit/anz-updates.

⁵ RWA for residential mortgages for the Group excluding New Zealand banking subsidiaries exposures measured under the IRB approach is \$131.3 billion when calculated under the standardised approach.

⁶ The attribution of CRWA movements requires assumptions and judgement; different assumptions could lead to different attributions.

Operational Risk:

The Basel III APRA level 1 Extended licensed entity CET1 Total Risk Weighted Assets and CET 1 capital ratio have been adjusted for prior periods, March 2024 and December 2023 to reflect application of the \$500 million Operational Risk capital overlay to both Level 1 and Level 2 entities.

Table 4 Credit risk exposures

Exposure at Default in Table 4 represents credit exposure net of offsets for credit risk mitigation such as netting and financial collateral. It includes Advanced IRB, Foundation IRB, Specialised Lending and Standardised exposures, and excludes Securitisation and Equities exposures.

Table 4(a) part (i): Period end and average Exposure at Default⁷

	Jun 24				
	Risk Weighted Assets	Exposure at Default	Average Exposure at Default for three months	Individual provision charge for three months	Write-offs for three months
	\$M	\$M	\$M	\$M	\$M
Subject to Advanced IRB approach					
Corporate	60,486	133,333	132,452	(12)	4
Residential Mortgage	95,387	351,900	349,133	-	6
Retail SME	10,005	17,428	17,028	15	11
Qualifying Revolving Retail	3,314	12,772	12,788	16	24
Other Retail	1,675	1,564	1,567	11	15
Total Advanced IRB approach	170,867	516,997	512,968	30	60
Subject to Foundation IRB approach					
Corporate	35,130	93,261	93,578	(10)	-
Sovereign	11,041	221,470	219,703	-	-
Financial Institution	29,843	110,200	109,228	-	-
Total Foundation IRB approach	76,014	424,931	422,509	(10)	-
Specialised Lending Exposures Subject to Supervisory Slotting	3,762	4,676	4,552	-	-
Subject to Standardised approach					
Corporate	4,955	5,547	5,676	(2)	1
Sovereign	247	246	209	-	-
Residential Mortgage	1,941	2,128	2,086	-	2
Other Retail	93	65	65	-	-
Other Assets	3,834	8,261	7,215	-	-
Total Standardised approach	11,070	16,247	15,251	(2)	3
Credit Valuation Adjustment and Qualifying Central Counterparties	5,052	8,810	8,131	-	-
Exposures of New Zealand banking subsidiaries	66,118	194,275	194,946	9	9
Total	332,883	1,165,936	1,158,357	27	72

⁷ Average Exposure at Default for quarter is calculated as the simple average of the balances at the start and the end of each three month period.

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

			Mar 24		
	Risk Weighted Assets	Exposure at Default	Average Exposure at Default for three months	Individual provision charge for three months	Write-offs for three months
	\$M	\$M	\$M	\$M	\$M
Subject to Advanced IRB approach					
Corporate	60,362	131,572	131,628	(30)	10
Residential Mortgage	101,338	346,366	344,757	2	6
Retail SME	9,538	16,628	16,703	15	16
Qualifying Revolving Retail	3,344	12,804	12,827	11	22
Other Retail	1,664	1,569	1,558	10	12
Total Advanced IRB approach	176,246	508,939	507,472	8	66
Subject to Foundation IRB approach					
Corporate	35,665	93,895	94,226	11	4
Sovereign	10,856	217,936	231,564	-	-
Financial Institution	30,122	108,257	106,621	10	-
Total Foundation IRB approach	76,643	420,088	432,410	21	4
Specialised Lending Exposures Subject to Supervisory Slotting	3,579	4,427	4,286	-	-
Subject to Standardised approach					
Corporate	5,102	5,805	5,584	(12)	-
Sovereign	171	171	121	-	-
Residential Mortgage	1,853	2,044	2,222	-	-
Other Retail	92	65	64	(1)	-
Other Assets	3,790	6,170	7,890	-	-
Total Standardised approach	11,008	14,255	15,881	(13)	-
Credit Valuation Adjustment and Qualifying Central Counterparties	5,304	7,451	7,160	-	-
Exposures of New Zealand banking subsidiaries	73,186	195,617	196,815	(5)	8
Total	345,966	1,150,777	1,164,024	11	78

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

			Dec 23		
	Risk Weighted Assets	Exposure at Default	Average Exposure at Default for three months	Individual provision charge for three months	Write-offs for three months
	\$M	\$M	\$M	\$M	\$M
Subject to Advanced IRB approach					
Corporate	60,097	131,684	135,850	3	3
Residential Mortgage	99,709	343,147	340,313	4	4
Retail SME	9,835	16,778	16,644	12	14
Qualifying Revolving Retail	3,299	12,850	12,834	15	21
Other Retail	1,680	1,546	1,552	7	13
Total Advanced IRB approach	174,620	506,005	507,193	41	55
Subject to Foundation IRB approach					
Corporate	34,931	94,557	93,953	(10)	-
Sovereign	10,674	245,191	237,327	-	-
Financial Institution	29,823	104,984	106,731	(10)	-
Total Foundation IRB approach	75,428	444,732	438,011	(20)	-
Specialised Lending	3,370	4,144	4,082	-	-
Subject to Standardised approach					
Corporate	4,702	5,362	5,895	(2)	2
Sovereign	71	71	118	-	-
Residential Mortgage	2,199	2,400	2,335	-	1
Other Retail	92	64	48	-	-
Other Assets	3,516	9,610	7,765	-	-
Total Standardised approach	10,580	17,507	16,161	(2)	3
Credit Valuation Adjustment and Qualifying Central Counterparties	4,564	6,868	6,952	-	-
Exposures of New Zealand banking subsidiaries	74,105	198,014	197,609	8	10
Total	342,667	1,177,270	1,170,008	27	68

Table 4(a) part (ii): Exposure at Default by portfolio type⁸

Portfolio Type	Jun 24 \$M	Mar 24 \$M	Dec 23 \$M	Average for the quarter ended Jun 24 \$M
Cash	110,001	109,076	144,994	109,539
Contingents liabilities, commitments, and other off- balance sheet exposures	158,901	161,512	161,566	160,207
Derivatives	49,408	47,653	45,322	48,531
Settlement Balances	10	5	19	8
Investment Securities	119,680	114,318	104,298	116,999
Net Loans, Advances & Acceptances	702,620	692,447	689,528	697,534
Other assets	7,480	9,684	9,772	8,582
Trading Securities	17,836	16,082	21,771	16,959
Total exposures	1,165,936	1,150,777	1,177,270	1,158,357

⁸ Average Exposure at Default for quarter is calculated as the simple average of the balances at the start and the end of each three month period.

Table 4(b): Non-Performing Facilities, Provisions and Write-offs

	Jun 24						
	Non-performing exposures			Individually provisioned exposures			
	Exposure	Specific provision balance	Specific provision charge for three months	Exposure	Individual provision balance	Individual provision charge for three months	Write-offs for three months
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Advanced IRB approach							
Corporate	831	143	17	124	52	(12)	4
Residential Mortgage	3,294	178	9	117	34	-	6
Retail SME	479	130	19	115	77	15	11
Qualifying Revolving Retail	39	29	17	-	-	16	24
Other Retail	42	43	12	21	21	11	15
Total Advanced IRB approach	4,685	523	74	377	184	30	60
Foundation IRB approach							
Corporate	76	39	(10)	75	39	(10)	-
Sovereign	-	-	-	-	-	-	-
Financial Institution	2	1	1	1	-	-	-
Total Foundation IRB approach	78	40	(9)	76	39	(10)	-
Specialised Lending Subject to Supervisory Slotting	-	-	-	-	-	-	-
Standardised approach	-	-	-	-	-	-	-
Corporate	74	30	(3)	26	22	(2)	1
Residential Mortgage	76	8	-	11	5	-	2
Other Retail	5	4	-	5	4	-	-
Total Standardised approach	155	42	(3)	42	31	(2)	3
Exposures of New Zealand banking subsidiaries	1,320	149	(5)	277	47	9	9
Total	6,238	754	57	772	301	27	72

Table 4(b): Non-Performing Facilities, Provisions and Write-offs (continued)

	Mar 24						
	Non-performing exposures			Individually provisioned exposures			
	Exposure	Specific provision balance	Specific provision charge for three months	Exposure	Individual provision balance	Individual provision charge for three months	Write-offs for three months
Advanced IRB approach	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Corporate	593	129	(34)	169	67	(30)	10
Residential Mortgage	3,023	176	14	118	40	2	6
Retail SME	430	115	15	104	67	15	16
Qualifying Revolving Retail	35	28	13	-	-	11	22
Other Retail	45	42	13	22	21	10	12
Total Advanced IRB approach	4,126	490	21	413	195	8	66
Foundation IRB approach							
Corporate	223	51	11	221	51	11	4
Sovereign	-	-	-	-	-	-	-
Financial Institution	6	1	10	1	1	10	-
Total Foundation IRB approach	229	52	21	222	52	21	4
Specialised Lending Subject to Supervisory Slotting	-	-	-	-	-	-	-
Standardised approach							
Corporate	88	37	(15)	34	24	(12)	-
Residential Mortgage	69	11	-	14	8	-	-
Other Retail	6	(3)	(1)	5	1	(1)	-
Total Standardised approach	163	45	(16)	53	33	(13)	-
Exposures of New Zealand banking subsidiaries	1,495	161	29	241	45	(5)	8
Total	6,013	748	55	929	325	11	78

Table 4(b): Non-Performing Facilities, Provisions and Write-offs (continued)

	Dec 23						
	Non-performing exposures			Individually provisioned exposures			
	Exposure	Specific provision balance	Specific provision charge for three months	Exposure	Individual provision balance	Individual provision charge for three months	Write-offs for three months
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Advanced IRB approach							
Corporate	707	164	11	273	97	3	3
Residential Mortgage	2,622	166	10	124	43	4	4
Retail SME	400	109	18	94	62	12	14
Qualifying Revolving Retail	35	27	15	-	-	15	21
Other Retail	41	38	7	20	19	7	13
Total Advanced IRB approach	3,805	504	61	511	221	41	55
Foundation IRB approach							
Corporate	225	45	(10)	225	45	(10)	-
Sovereign	-	-	-	-	-	-	-
Financial Institution	4	1	(10)	1	1	(10)	-
Total Foundation IRB approach	229	46	(20)	226	46	(20)	-
Specialised Lending Subject to Supervisory Slotting	-	-	-	-	-	-	-
Standardised approach							
Corporate	118	37	(4)	38	26	(2)	2
Residential Mortgage	73	11	-	12	8	-	1
Other Retail	5	1	-	5	1	-	-
Total Standardised approach	196	49	(4)	55	35	(2)	3
Exposures of New Zealand banking subsidiaries	1,311	142	16	326	59	8	10
Total	5,541	741	53	1,118	361	27	68

Table 4(c): Specific Provision Balance and Provisions held against performing exposures⁹

	Jun 24		
	Specific Provision Balance \$M	Provisions held against performing exposures \$M	Total \$M
Collectively Assessed Provisions	453	3,595	4,048
Individually Assessed Provisions	301	-	301
Total Provision for Credit Impairment	754	3,595	4,349

	Mar 24		
	Specific Provision Balance \$M	Provisions held against performing exposures \$M	Total \$M
Collectively Assessed Provisions	423	3,623	4,046
Individually Assessed Provisions	325	-	325
Total Provision for Credit Impairment	748	3,623	4,371

	Dec 23		
	Specific Provision Balance \$M	Provisions held against performing exposures \$M	Total \$M
Collectively Assessed Provisions	380	3,646	4,026
Individually Assessed Provisions	361	-	361
Total Provision for Credit Impairment	741	3,646	4,387

⁹ Due to definitional differences, there is a variation in the split between ANZ's Individual Provision and Collective Provision for accounting purposes and the Specific Provision and Provisions held against performing exposures for regulatory purposes. This does not impact total provisions, and essentially relates to the classification of collectively assessed provisions on defaulted accounts. The disclosures in this document are based on Individual Provision and Collective Provision, for ease of comparison with other published results.

Table 5 Securitisation**Table 5(a) part (i): Banking Book - Summary of current period's activity by underlying asset type and facility ¹⁰**

Securitisation activity by underlying asset type	ANZ Originated \$M	Jun 24 Original value securitised		Recognised gain or loss on sale \$M
		ANZ Self Securitised \$M	ANZ Sponsored \$M	
Residential mortgage	(36)	100	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	(36)	100	-	-

Securitisation activity by facility provided	Notional amount \$M
Liquidity facilities	-
Funding facilities	-
Underwriting facilities	-
Lending facilities	-
Credit enhancements	-
Holdings of securities (excluding trading book)	255
Other	4
Total	259

Securitisation activity by underlying asset type	ANZ Originated \$M	Mar 24 Original value securitised		Recognised gain or loss on sale \$M
		ANZ Self Securitised \$M	ANZ Sponsored \$M	
Residential mortgage	(44)	110	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	(44)	110	-	-

Securitisation activity by facility provided	Notional amount \$M
Liquidity facilities	-
Funding facilities	490
Underwriting facilities	-
Lending facilities	-
Credit enhancements	-
Holdings of securities (excluding trading book)	(181)
Other	1
Total	309

¹⁰ Activity represents net movement in outstanding.

Securitisation activity by underlying asset type	ANZ Originated \$M	Dec 23 Original value securitised		Recognised gain or loss on sale \$M
		ANZ Self Securitised \$M	ANZ Sponsored \$M	
Residential mortgage	(45)	(25)	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	(45)	(25)	-	-
Securitisation activity by facility provided				Notional amount \$M
Liquidity facilities				-
Funding facilities				450
Underwriting facilities				-
Lending facilities				-
Credit enhancements				-
Holdings of securities (excluding trading book)				(29)
Other				14
Total				436

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

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

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

Securitisation exposure type - On balance sheet	Jun 24 \$M	Mar 24 \$M	Dec 23 \$M
Liquidity facilities	-	-	-
Funding facilities	10,550	9,558	10,560
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities (excluding trading book)	2,115	1,859	2,041
Protection provided	-	-	-
Other	105	157	142
Total	12,770	11,574	12,743

Securitisation exposure type - Off Balance Sheet	Jun 24 \$M	Mar 24 \$M	Dec 23 \$M
Liquidity facilities	8	8	9
Funding facilities	3,339	4,095	2,705
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities (excluding trading book)	-	-	-
Protection provided	-	-	-
Other	-	-	-
Total	3,347	4,103	2,714

Total Securitisation exposure type	Jun 24 \$M	Mar 24 \$M	Dec 23 \$M
Liquidity facilities	8	8	9
Funding facilities	13,889	13,653	13,265
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities (excluding trading book)	2,115	1,859	2,041
Protection provided	-	-	-
Other	105	157	142
Total	16,117	15,677	15,457

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

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

Table 18 Leverage ratio

The Leverage Ratio requirements are part of the Basel Committee on Banking Supervision (BCBS) Basel III capital framework. It is a simple, non-risk based supplement or backstop to the current risk based capital requirements and is intended to restrict the build-up of excessive leverage in the banking system.

Consistent with the BCBS definition, APRA's Leverage Ratio compares Tier 1 Capital to the Exposure Measure (expressed as a percentage) as defined by APS 110: Capital Adequacy. APRA requires ADIs authorised to use the internal ratings based approach to credit risk to maintain a minimum leverage ratio of 3.5% from January 2023.

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

		Jun 24	Mar 24	Dec 23	Sep 23
	Capital and total exposures	\$M	\$M	\$M	\$M
20	Tier 1 capital	65,846	66,709	64,150	66,026
21	Total exposures	1,250,307	1,228,121	1,251,015	1,224,719
	Leverage ratio				
22	Basel III leverage ratio	5.3%	5.4%	5.1%	5.4%

Table 20 Liquidity Coverage Ratio disclosure template

		Jun 24		Mar 24
	Total Unweighted Value \$M	Total Weighted Value \$M	Total Unweighted Value \$M	Total Weighted Value \$M
Liquid assets, of which:				
1 High-quality liquid assets (HQLA)		254,418		283,202
2 Alternative liquid assets (ALA)		-		-
3 Reserve Bank of New Zealand (RBNZ) securities		2,578		2,252
Cash outflows				
4 Retail deposits and deposits from small business customers	270,343	26,213	267,776	26,304
5 of which: stable deposits	120,292	6,015	118,921	5,946
6 of which: less stable deposits	150,051	20,198	148,855	20,358
7 Unsecured wholesale funding	274,184	142,869	291,524	157,930
8 of which: operational deposits (all counterparties) and deposits in networks for cooperative banks	94,516	22,857	94,975	22,936
9 of which: non-operational deposits (all counterparties)	168,401	108,745	181,844	120,289
10 of which: unsecured debt	11,267	11,267	14,705	14,705
11 Secured wholesale funding		3,558		1,222
12 Additional requirements	190,164	64,793	184,879	64,684
13 of which: outflows related to derivatives exposures and other collateral requirements	39,999	39,999	41,058	41,058
14 of which: outflows related to loss of funding on debt products	-	-	-	-
15 of which: credit and liquidity facilities	150,165	24,794	143,821	23,626
16 Other contractual funding obligations	8,144	-	7,801	-
17 Other contingent funding obligations	120,164	8,077	122,236	8,413
18 Total cash outflows		245,510		258,553
Cash inflows				
19 Secured lending (e.g. reverse repos)	34,345	883	34,477	1,276
20 Inflows from fully performing exposures	27,783	19,639	26,937	19,136
21 Other cash inflows	29,474	29,474	30,533	30,533
22 Total cash inflows	91,602	49,996	91,947	50,945
23 Total liquid assets		256,996		285,454
24 Total net cash outflows		195,514		207,608
25 Liquidity Coverage Ratio (%)		131.4%		137.5%
Number of data points used (simple average)		65		64

Liquidity Risk Overview, Management and Control Responsibilities

Liquidity risk is the risk that the Group is either:

- unable to meet its payment obligations (including repaying depositors or maturing wholesale debt) when they fall due; or
- does not have the appropriate amount, tenor and composition of funding and liquidity to fund increases in its assets.

Management of liquidity and funding risks are overseen by the Group Asset and Liability Committee (GALCO). The Group's liquidity and funding risks are governed by a set of principles approved by the Board Risk Committee (BRC) and include:

- maintaining the ability to meet all payment obligations in the immediate term;
- ensuring that the Group has the ability to meet 'survival horizons' under a range of ANZ specific, and general market, liquidity stress scenarios, at a country and Group-wide level, to meet cash flow obligations over the short to medium term;
- maintaining strength in the Group's balance sheet structure to ensure long term resilience in the liquidity and funding risk profile;
- ensuring the liquidity management framework is compatible with local regulatory requirements;
- preparing daily liquidity reports and scenario analysis to quantify the Group's positions;
- targeting a diversified funding base to avoid undue concentrations by investor type, maturity, market source and currency;
- holding a portfolio of high quality liquid assets to protect against adverse funding conditions and to support day-to-day operations; and
- establishing detailed contingency plans to cover different liquidity crisis events.

Key Areas of Measurement for Liquidity Risk

Scenario modelling of funding sources

Group's liquidity risk appetite is defined by a range of regulatory and internal liquidity metrics mandated by the ANZBGL Board. The metrics cover a range of scenarios of varying duration and level of severity.

The objective of this framework is to:

- Provide protection against shorter term extreme market dislocation and stress.
- Maintain structural strength in the balance sheet by ensuring that an appropriate amount of longer-term assets are funded with longer-term funding.
- Ensure that no undue timing concentrations exist in the Group's funding profile.

Key components of this framework are the Liquidity Coverage Ratio (LCR), which is a severe short term liquidity stress scenario and Net Stable Funding Ratio (NSFR) a longer term structural liquidity measure, both of which are mandated by banking regulators including APRA.

Liquid assets

Group holds a portfolio of high quality (unencumbered) liquid assets to protect Group's liquidity position in a severely stressed environment and to meet regulatory requirements. High quality liquid assets comprise three categories consistent with Basel III LCR requirements:

- Highest-quality liquid assets (HQLA1) - cash and highest credit quality government, central bank or public sector securities eligible for repurchase with central banks to provide same-day liquidity.
- High-quality liquid assets (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 that the RBNZ will accept in its domestic market operations.

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.

Liquidity crisis contingency planning

ANZBGL Group maintains APRA-endorsed liquidity crisis contingency plans for analysing and responding to a liquidity threatening event at a country and ANZBGL Group-wide level. Key liquidity contingency crisis planning requirements and guidelines include:

Ongoing business management	Early signs/ mild stress	Severe stress
<ul style="list-style-type: none"> • establish crisis/severity levels • liquidity limits • early warning indicators 	<ul style="list-style-type: none"> • monitoring and review • Management actions not requiring business rationalisation 	<ul style="list-style-type: none"> • activate contingency funding plans • management actions for altering asset and liability behaviour
Assigned responsibility for internal and external communications and the appropriate timing to communicate.		

Since the precise nature of any stress event cannot be known in advance, we design the plans to be flexible to the nature and severity of the stress event with multiple variables able to be accommodated in any plan.

Group funding

Group monitors the composition and stability of its funding so that it remains within the Group's funding risk appetite. This approach ensures that an appropriate proportion of the Group's assets are funded by stable funding sources, including customer deposits; longer-dated wholesale funding (with a remaining term exceeding one year); and equity.

Funding plans prepared	Considerations in preparing funding plans
<ul style="list-style-type: none"> • 3 year strategic plan prepared annually • annual funding plan as part of the ANZBGL Group's planning process • forecasting in light of actual results as a calibration to the annual plan 	<ul style="list-style-type: none"> • customer balance sheet growth • changes in wholesale funding including: targeted funding volumes; markets; investors; tenors; and currencies for senior, secured, subordinated, hybrid transactions and market conditions

Liquidity Coverage Ratio (LCR)

ANZBGL Group's average LCR for the 3 months to 30 June 2024 was 131.4% (31 March 2024: 137.5%) with total liquid assets exceeding net cash outflows by an average of \$61.5 billion. Through the period the LCR has remained within the range 127% to 136%. The liquid asset portfolio was made up of on average 45% (\$114.8 billion) cash and central bank reserves and 50% (\$127.2 billion) HQLA1 securities, with the remaining mainly consisting of HQLA2 securities.

As per APRA requirements, liquid assets beyond the regulatory minimum are not included in the consolidated Group position where they are deemed non-transferable between geographies, in particular this applies to liquid assets held in New Zealand.

The main contributors to net cash outflows were modelled outflows associated with the bank's corporate and retail deposit portfolios, offset by inflows from maturing loans. While cash outflows associated with derivatives are material, these are effectively offset by derivative cash inflows. Modelled outflows are also included for market valuation changes of derivatives based on the past 24 months largest 30-day movements in collateral balances.

The Group has a well-diversified deposit and funding base avoiding undue concentrations by investor type, maturity, market source and currency. ANZBGL Group monitors and manages its liquidity risk on a daily basis including LCR by geography and currency. The Group's liquidity risk framework ensures ongoing monitoring of foreign currency LCR (including derivative flows) and sets limits at the Group level to ensure mismatches are managed effectively.

The Group's liquidity and funding management includes monitoring of liquidity across the Group, specifically for:

- Individual countries, including any local regulatory requirements.
- Consolidated ANZBGL Group Level 1 and 2 LCR
- AUD only LCR for Australia as well as Group Level

Other contingent funding obligations include outflows for revocable credit and liquidity facilities, trade finance related obligations, buybacks of domestic Australian debt securities and other contractual outflows such as interest payments.

Glossary

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

	Non-traded market risk (or balance sheet risk) - comprises interest rate risk in the banking book and the risk to the AUD denominated value of ANZ's capital and earnings due to foreign exchange rate movements.
Operational risk	The risk of loss resulting from inadequate or failed internal controls or from external events, including legal risk but excluding reputation risk.
Past due facilities	Facilities where a contractual payment has not been met or the customer is outside of contractual arrangements are deemed past due. Past due facilities include those operating in excess of approved arrangements or where scheduled repayments are outstanding but do not include impaired assets.
Qualifying Central Counterparties (QCCP)	QCCP is a central counterparty which is an entity that interposes itself between counterparties to derivative contracts. Trades with QCCP attract a more favorable risk weight calculation.
Recoveries	Payments received and taken to profit for the current period for the amounts written off in prior financial periods.
Restructured items	Restructured items comprise facilities in which the original contractual terms have been modified for reasons related to the financial difficulties of the customer. Restructuring may consist of reduction of interest, principal or other payments legally due, or an extension in maturity materially beyond those typically offered to new facilities with similar risk.
Risk Weighted Assets (RWA)	Assets (both on and off-balance sheet) are risk weighted according to each asset's inherent potential for default and what the likely losses would be in the case of default. In the case of non asset backed risks (i.e. market and operational risk), RWA is determined by multiplying the capital requirements for those risks by 12.5.
Securitisation risk	The risk of credit related losses greater than expected due to a securitisation failing to operate as anticipated, or of the values and risks accepted or transferred, not emerging as expected.
Write-Offs	Facilities are written off against the related provision for impairment when they are assessed as partially or fully uncollectable, and after proceeds from the realisation of any collateral have been received. Where individual provisions recognised in previous periods have subsequently decreased or are no longer required, such impairment losses are reversed in the current period income statement.

This page has been intentionally left blank



anz.com

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