2023 BASEL III PILLAR 3 DISCLOSURE

AS AT 30 JUNE 2023

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 23 $M	Mar 23 $M	Dec 22 $M
Subject to Advanced Internal Rating Based (IRB) approach			
Corporate	62,268	62,680	148,944
Sovereign	-	-	11,289
Bank	-	-	11,919
Residential Mortgage[1]	91,431	86,726	120,182
Retail SME	9,922	10,065	-
Qualifying Revolving Retail	3,287	3,325	3,236
Other Retail	1,686	1,709	16,944
Credit risk weighted assets subject to Advanced IRB approach	**168,594**	**164,505**	**312,514**
Subject to Foundation IRB approach			
Corporate	35,103	38,808	-
Sovereign	10,211	11,199	-
Financial Institutions	31,684	32,832	-
Credit risk weighted assets subject to Foundation IRB approach	**76,998**	**82,839**	**-**
Credit Risk Specialised Lending exposures subject to slotting approach[2]	**3,257**	**3,577**	**42,146**
Subject to Standardised approach			
Corporate	4,775	4,911	5,837
Sovereign	150	88	110
Residential Mortgage	1,962	1,809	216
Other Retail	45	32	10
Other Assets	3,637	4,138	-
Credit risk weighted assets subject to Standardised approach	**10,569**	**10,978**	**6,173**
Credit Valuation Adjustment and Qualifying Central Counterparties	**3,987**	**3,449**	**3,033**
Credit risk weighted assets relating to securitisation exposures	2,294	2,229	2,498
Other assets	-	-	4,114
Exposures of New Zealand banking subsidiaries[3]	**77,256**	**77,717**	**-**
Total credit risk weighted assets	**342,955**	**345,294**	**370,478**
Market risk weighted assets	13,429	11,737	11,406
Operational risk weighted assets[4]	42,319	42,319	42,319
Interest rate risk in the banking book (IRRBB) risk weighted assets	34,799	31,887	37,866
RWA adjustment for the IRB capital floor	-	4,277	-
Total Risk Weighted Assets	**433,502**	**435,514**	**462,069**

[1] While APRA approved ANZ's Australian Mortgages LGD model for regulatory capital purposes, a $9.6 billion RWA overlay has been applied pending recalibration of the model. (Pre-existing).

[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] Includes $20.0 billion credit RWA in supervisory overlays resulting from risk weight floors required by RBNZ. Refer to March 2023 ANZ NZ Disclosure Statement for details. (Pre-existing).

[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. (Pre-existing).

Table 3 Capital adequacy - Capital Ratios and Risk Weighted Assets

Capital Floor	Jun 23 $M	Mar 23 $M	Dec 22 $M
Risk weighted assets under the standardised approach			
Credit Risk[5]	537,000	546,653	-
Market risk weighted assets	13,429	11,737	-
Operational risk weighted assets	42,319	42,319	-
Interest rate risk in the banking book (IRRBB) risk weighted assets	-	-	-
Total Risk Weighted Assets	**592,748**	**600,709**	**-**
Risk weighted assets prior to application of floor			
Credit Risk	342,955	345,294	-
Market risk weighted assets	13,429	11,737	-
Operational risk weighted assets	42,319	42,319	-
Interest rate risk in the banking book (IRRBB) risk weighted assets	34,799	31,887	-
Total Risk Weighted Assets	**433,502**	**431,238**	**-**
Capital floor at 72.5%	429,742	435,514	-
Capital floor adjustment	-	4,277	-

Capital ratios (%)	Jun 23	Mar 23	Dec 22
Level 2 Common Equity Tier 1 capital ratio	13.5%	13.2%	12.2%
Level 2 Tier 1 capital ratio	15.4%	15.1%	13.9%
Level 2 Total capital ratio	21.1%	20.6%	18.4%

Basel III APRA level 2 CET1	Jun 23	Mar 23	Dec 22
Common Equity Tier 1 Capital	58,576	57,380	56,383
Total Risk Weighted Assets	433,502	435,514	462,069
Common Equity Tier 1 capital ratio	13.5%	13.2%	12.2%

Basel III APRA level 1 Extended licensed entity CET1	Jun 23	Mar 23	Dec 22
Common Equity Tier 1 Capital	49,277	47,803	46,013
Total Risk Weighted Assets	365,486	370,395	397,393
Common Equity Tier 1 capital ratio	13.5%	12.9%	11.6%

Credit Risk Weighted Assets (CRWA):

Total Credit RWA decreased by $2.3 billion to $343.0 billion at 30 June 2023. This is predominantly driven by data methodology changes (-$4.9 billion) and foreign exchange movements (-$1.3 billion) offset by an increase in risk (+$2.7 billion) and volume driven growth (+$0.7 billion).

Market Risk, Operational Risk and IRRBB RWA

IRRBB RWA increased $2.9 billion primarily as a result of higher term yields causing an increase in Embedded Losses.

Traded Market Risk RWA increased $1.7 billion over the quarter, mainly driven by an increase in Stress VaR and Standard VaR.

[5] RWA for residential mortgages for the Group excluding New Zealand banking subsidiaries exposures measured under the IRB approach is $123,409 million when calculated under the standardised approach.

Table 4 Credit risk exposures

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

Table 4(a) part (i): Period end and average Exposure at Default [6]

	Jun 23				
Subject to Advanced IRB approach	**Risk Weighted Assets $M**	**Exposure at Default $M**	**Average Exposure at Default for three months $M**	**Individual provision charge for three months $M**	**Write-offs for three months $M**
Corporate	62,268	134,652	133,894	-	4
Residential Mortgage	91,431	331,543	328,107	6	6
Retail SME	9,922	16,913	16,955	11	27
Qualifying Revolving Retail	3,287	12,937	13,017	14	22
Other Retail	1,686	1,589	1,604	6	15
Total Advanced IRB approach	**168,594**	**497,634**	**493,577**	**37**	**74**
Subject to Foundation IRB approach					
Corporate	35,103	94,763	97,949	16	-
Sovereign	10,211	240,942	256,548	-	-
Financial Institution	31,684	108,452	108,873	(1)	-
Total Foundation IRB approach	**76,998**	**444,157**	**463,370**	**15**	**-**
Specialised Lending Exposures Subject to Supervisory Slotting	**3,257**	**4,004**	**4,161**	-	-
Subject to Standardised approach					
Corporate	4,775	5,472	5,499	(7)	1
Sovereign	150	150	119	-	-
Residential Mortgage	1,962	2,158	2,085	2	-
Other Retail	45	33	29	2	2
Other Assets	3,637	5,894	6,887	-	-
Total Standardised approach	**10,569**	**13,707**	**14,619**	**(3)**	**3**
Credit Valuation Adjustment and Qualifying Central Counterparties	**3,987**	**7,379**	**6,796**	**-**	**-**
Exposures of New Zealand banking subsidiaries	**77,256**	**191,698**	**193,496**	**15**	**44**
Total	**340,661**	**1,158,579**	**1,176,019**	**64**	**121**

[6] 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 23				
Subject to Advanced IRB approach	**Risk Weighted Assets $M**	**Exposure at Default $M**	**Average Exposure at Default for three months $M**	**Individual provision charge for three months $M**	**Write-offs for three months $M**
Corporate	62,680	133,136	-	36	19
Residential Mortgage	86,726	324,670	-	4	7
Retail SME	10,065	16,997	-	8	19
Qualifying Revolving Retail	3,325	13,097	-	11	19
Other Retail	1,709	1,618	-	6	13
Total Advanced IRB approach	**164,505**	**489,518**	**-**	**65**	**77**
Subject to Foundation IRB approach					
Corporate	38,808	101,134	-	(3)	-
Sovereign	11,199	272,154	-	-	-
Financial Institution	32,832	109,294	-	-	-
Total Foundation IRB approach	**82,839**	**482,582**	**-**	**(3)**	**-**
Specialised Lending Exposures Subject to Supervisory Slotting	**3,577**	**4,318**	**-**	**-**	**-**
Subject to Standardised approach					
Corporate	4,911	5,526	-	(5)	2
Sovereign	88	88	-	-	-
Residential Mortgage	1,809	2,011	-	-	-
Other Retail	32	24	-	-	-
Other Assets	4,138	7,879	-	-	-
Total Standardised approach	**10,978**	**15,528**	**-**	**(5)**	**2**
Credit Valuation Adjustment and Qualifying Central Counterparties	**3,449**	**6,212**	**-**	**-**	**-**
Exposures of New Zealand banking subsidiaries	**77,712**	**195,293**	**-**	**14**	**9**
Total	**343,060**	**1,193,451**	**-**	**71**	**88**

	Dec 22				
Advanced IRB approach	**Risk Weighted Assets $M**	**Exposure at Default $M**	**Average Exposure at Default for three months $M**	**Individual provision charge for three months $M**	**Write-offs for three months $M**
Corporate	148,944	332,596	329,916	(114)	19
Sovereign	11,289	286,758	276,802	-	-
Bank	11,919	38,411	39,445	-	-
Residential Mortgage	120,182	430,889	422,507	(4)	5
Qualifying Revolving Retail	3,236	13,235	13,272	12	22
Other Retail	16,944	27,163	27,126	3	38
Total Advanced IRB approach	**312,514**	**1,129,052**	**1,109,068**	**(103)**	**84**
Specialised Lending	**42,146**	**50,752**	**49,747**	**3**	-
Standardised approach					
Corporate	5,837	5,711	5,844	1	12
Sovereign	110	110	128	-	-
Residential Mortgage	216	429	432	-	-
Other Retail	10	10	10	(2)	1
Total Standardised approach	**6,173**	**6,260**	**6,414**	**(1)**	**13**
Credit Valuation Adjustment and Qualifying Central Counterparties	**3,033**	**7,070**	**7,493**	**-**	**-**
Total	**363,866**	**1,193,134**	**1,172,722**	**(101)**	**97**

Table 4(a) part (ii): Exposure at Default by portfolio type[7]

Portfolio Type	Jun 23 $M	Mar 23 $M	Dec 22 $M	Average for the quarter ended Jun 23 $M
Cash	149,726	176,681	166,463	163,204
Contingents liabilities, commitments, and other off-balance sheet exposures	168,706	172,166	193,033	170,436
Derivatives	47,980	44,695	46,122	46,338
Settlement Balances	58	12	1	35
Investment Securities	83,420	89,381	83,642	86,401
Net Loans, Advances & Acceptances	676,177	674,528	671,545	675,354
Other assets	12,834	13,199	12,419	13,017
Trading Securities	19,678	22,789	19,909	21,234
Total exposures	**1,158,579**	**1,193,451**	**1,193,134**	**1,176,019**

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

	Jun 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
Advanced IRB approach	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
Corporate	603	167	(3)	287	109	-	4
Residential Mortgage	2,250	180	8	122	44	6	6
Retail SME	393	111	9	104	68	11	27
Qualifying Revolving Retail	35	25	13	-	-	14	22
Other Retail	46	44	7	27	24	6	15
Total Advanced IRB approach	**3,327**	**527**	**34**	**540**	**245**	**37**	**74**
Foundation IRB approach							
Corporate	127	46	19	72	44	16	-
Sovereign	-	-	-	-	-	-	-
Financial Institution	10	2	(2)	3	1	(1)	-
Total Foundation IRB approach	**137**	**48**	**17**	**75**	**45**	**15**	**-**
Specialised Lending Subject to Supervisory Slotting	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Standardised approach							
Corporate	174	54	(13)	63	35	(7)	1
Residential Mortgage	79	13	2	17	10	2	-
Other Retail	8	2	2	8	1	2	2
Total Standardised approach	**261**	**69**	**(9)**	**88**	**46**	**(3)**	**3**
Exposures of New Zealand banking subsidiaries	860	136	25	142	59	15	44
Total	**4,585**	**780**	**67**	**845**	**395**	**64**	**121**

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

Mar 23	Non-performing exposures			Individually provisioned exposures			
Advanced IRB approach	**Exposure $M**	**Specific provision balance $M**	**Specific provision charge for three months $M**	**Exposure $M**	**Individual provision balance $M**	**Individual provision charge for three months $M**	**Write-offs for three months $M**
Corporate	663	160	35	288	99	36	19
Residential Mortgage	2,065	181	10	129	47	4	7
Retail SME	414	123	6	120	77	8	19
Qualifying Revolving Retail	34	27	13	-	-	11	19
Other Retail	54	46	9	30	27	6	13
Total Advanced IRB approach	**3,230**	**537**	**73**	**567**	**250**	**65**	**77**
Foundation IRB approach							
Corporate	29	27	(3)	26	27	(3)	-
Sovereign	-	-	-	-	-	-	-
Financial Institution	29	11	(1)	15	10	-	-
Total Foundation IRB approach	**58**	**38**	**(4)**	**41**	**37**	**(3)**	**-**
Specialised Lending Subject to Supervisory Slotting	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Standardised approach							
Corporate	194	66	(6)	68	40	(5)	2
Residential Mortgage	69	8	(1)	10	6	-	-
Other Retail	8	1	-	8	1	-	-
Total Standardised approach	**271**	**75**	**(7)**	**86**	**47**	**(5)**	**2**
Exposures of New Zealand banking subsidiaries	740	155	24	134	87	14	9
Total	**4,299**	**805**	**86**	**828**	**421**	**71**	**88**

Dec 22						
Advanced IRB approach	**Impaired derivatives $M**	**Impaired loans/ facilities $M**	**Past due loans ≥ 90 days $M**	**Individual provision balance $M**	**Individual provision charge for three months $M**	**Write-offs for three months $M**
Corporate	4	318	216	148	(114)	19
Sovereign	-	-	-	-	-	-
Bank	-	-	-	-	-	-
Residential Mortgage	-	383	1,783	55	(4)	5
Qualifying Revolving Retail	-	31	-	-	12	22
Other Retail	-	208	220	117	3	38
Total Advanced IRB approach	**4**	**940**	**2,219**	**320**	**(103)**	**84**
Specialised Lending	**-**	**52**	**13**	**32**	**3**	**-**
Standardised approach						
Corporate	-	181	48	46	1	12
Residential Mortgage	-	30	8	6	-	-
Other Retail	-	7	-	1	(2)	1
Total Standardised approach	**-**	**218**	**56**	**53**	**(1)**	**13**
Qualifying Central Counterparties	**-**	**-**	**-**	**-**	**-**	**-**
Total	**4**	**1,210**	**2,288**	**405**	**(101)**	**97**

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

	Jun 23		
	Specific Provision Balance $M	**General Reserve for Credit Losses $M**	**Total $M**
Collectively Assessed Provisions for Credit Impairment	385	3,657	4,042
Individually Assessed Provisions	395	-	395
Total Provision for Credit Impairment	**780**	**3,657**	**4,437**

	Mar 23		
	Specific Provision Balance $M	**General Reserve for Credit Losses $M**	**Total $M**
Collectively Assessed Provisions for Credit Impairment	384	3,656	4,040
Individually Assessed Provisions	421	-	421
Total Provision for Credit Impairment	**805**	**3,656**	**4,461**

	Dec 22		
	Specific Provision Balance $M	**General Reserve for Credit Losses $M**	**Total $M**
Collectively Assessed Provisions for Credit Impairment	370	3,518	3,888
Individually Assessed Provisions	405	-	405
Total Provision for Credit Impairment	**775**	**3,518**	**4,293**

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

Table 5 Securitisation

Table 5(a) part (i): Banking Book - Summary of current period's activity by underlying asset type and facility [9]

	Jun 23			
	Original value securitised			
Securitisation activity by underlying asset type	**ANZ Originated $M**	**ANZ Self Securitised $M**	**ANZ Sponsored $M**	**Recognised gain or loss on sale $M**
Residential mortgage	(51)	115	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	**(51)**	**115**	**-**	**-**

Securitisation activity by facility provided	**Notional amount $M**
Liquidity facilities	-
Funding facilities	-
Underwriting facilities	-
Lending facilities	-
Credit enhancements	-
Holdings of securities (excluding trading book)	(376)
Other	1
Total	**(375)**

	Mar 23			
	Original value securitised			
Securitisation activity by underlying asset type	**ANZ Originated $M**	**ANZ Self Securitised $M**	**ANZ Sponsored $M**	**Recognised gain or loss on sale $M**
Residential mortgage	(57)	(95)	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	(57)	(95)	**-**	**-**

Securitisation activity by facility provided	**Notional amount $M**
Liquidity facilities	-
Funding facilities	150
Underwriting facilities	-
Lending facilities	-
Credit enhancements	-
Holdings of securities (excluding trading book)	(311)
Other	1
Total	**(160)**

[9] Activity represents net movement in outstanding.

Securitisation activity by underlying asset type	Dec 22 Original value securitised ANZ Originated $M	ANZ Self Securitised $M	ANZ Sponsored $M	Recognised gain or loss on sale $M
Residential mortgage	(67)	139	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	**(67)**	**139**	**-**	**-**

Securitisation activity by facility provided	Notional amount $M
Liquidity facilities	-
Funding facilities	(76)
Underwriting facilities	-
Lending facilities	-
Credit enhancements	-
Holdings of securities (excluding trading book)	(343)
Other	-
Total	**(419)**

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 23 $M	Mar 23 $M	Dec 22 $M
Liquidity facilities	-	-	-
Funding facilities	9,306	8,976	9,642
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities (excluding trading book)	2,323	2,698	3,009
Protection provided	-	-	-
Other	60	116	67
Total	**11,689**	**11,790**	**12,718**

Securitisation exposure type - Off Balance Sheet	Jun 23 $M	Mar 23 $M	Dec 22 $M
Liquidity facilities	10	11	12
Funding facilities	2,843	2,191	2,775
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities (excluding trading book)	-	-	-
Protection provided	-	-	-
Other	-	-	-
Total	**2,853**	**2,202**	**2,787**

Total Securitisation exposure type	Jun 23 $M	Mar 23 $M	Dec 22 $M
Liquidity facilities	10	11	12
Funding facilities	12,149	11,167	12,417
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities (excluding trading book)	2,323	2,698	3,009
Protection provided	-	-	-
Other	60	116	67
Total	**14,542**	**13,992**	**15,505**

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.

	Capital and total exposures	**Jun 23 $M**	**Mar 23 $M**	**Dec 22 $M**	**Sep 22 $M**
20	Tier 1 capital	66,770	65,564	64,009	63,558
21	Total exposures	1,212,920	1,242,882	1,210,057	1,168,311
	Leverage ratio				
22	Basel III leverage ratio	5.5%	5.3%	5.3%	5.4%

Table 20 Liquidity Coverage Ratio disclosure template

		Jun 23 Total Unweighted Value $M	Jun 23 Total Weighted Value $M	Mar 23 Total Unweighted Value $M	Mar 23 Total Weighted Value $M
	Liquid assets, of which:				
1	High-quality liquid assets (HQLA)		271,021		269,534
2	Alternative liquid assets (ALA)		-		-
3	Reserve Bank of New Zealand (RBNZ) securities		2,615		1,762
	Cash outflows				
4	Retail deposits and deposits from small business customers	260,584	24,842	258,861	24,191
5	of which: stable deposits	117,072	5,854	117,008	5,850
6	of which: less stable deposits	143,512	18,988	141,853	18,341
7	Unsecured wholesale funding	297,473	159,085	303,760	164,206
8	of which: operational deposits (all counterparties) and deposits in networks for cooperative banks	95,428	23,001	96,330	23,201
9	of which: non-operational deposits (all counterparties)	185,373	119,412	189,026	122,601
10	of which: unsecured debt	16,672	16,672	18,404	18,404
11	Secured wholesale funding		1,874		1,144
12	Additional requirements	184,517	62,063	193,884	69,860
13	of which: outflows related to derivatives exposures and other collateral requirements	40,701	40,701	48,445	48,445
14	of which: outflows related to loss of funding on debt products	-	-	-	-
15	of which: credit and liquidity facilities	143,816	21,362	145,439	21,415
16	Other contractual funding obligations	8,515	-	8,979	-
17	Other contingent funding obligations	120,339	8,012	114,489	7,932
18	Total cash outflows		255,876		267,333
	Cash inflows				
19	Secured lending (e.g. reverse repos)	25,679	1,682	21,848	1,957
20	Inflows from fully performing exposures	26,350	17,835	28,798	19,819
21	Other cash inflows	28,577	28,577	36,257	36,257
22	Total cash inflows	80,606	48,094	86,903	58,033
23	Total liquid assets		273,636		271,296
24	Total net cash outflows		207,782		209,300
25	Liquidity Coverage Ratio (%)		131.7%		129.6%
	Number of data points used (simple average)		65		64

Liquidity Coverage Ratio (LCR)

ANZ’s average LCR for the 3 months to 30 June 2023 was 131.7% with total liquid assets exceeding net outflows by an average of $65.9 billion.

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.

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

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

Glossary

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

	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.

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