2023
BASEL III
PILLAR 3
DISCLOSURE

AS AT 31 DECEMBER 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	Dec 23 $M	Sep 23 $M	Jun 23 $M
Subject to Advanced Internal Rating Based (IRB) approach			
Corporate	60,097	62,668	62,268
Residential Mortgage[1]	99,709	96,290	91,431
Retail SME	9,835	9,684	9,922
Qualifying Revolving Retail	3,299	3,243	3,287
Other Retail	1,680	1,644	1,686
Credit risk weighted assets subject to Advanced IRB approach	**174,620**	**173,529**	**168,594**
Subject to Foundation IRB approach			
Corporate	34,931	34,819	35,103
Sovereign	10,674	10,252	10,211
Financial Institutions	29,823	30,875	31,684
Credit risk weighted assets subject to Foundation IRB approach	**75,428**	**75,946**	**76,998**
Credit Risk Specialised Lending exposures subject to slotting approach[2]	**3,370**	**3,369**	**3,257**
Subject to Standardised approach			
Corporate	4,702	5,611	4,775
Sovereign	71	165	150
Residential Mortgage	2,199	2,065	1,962
Other Retail	92	44	45
Other Assets	3,516	3,255	3,637
Credit risk weighted assets subject to Standardised approach	**10,580**	**11,140**	**10,569**
Credit Valuation Adjustment and Qualifying Central Counterparties	**4,564**	**4,000**	**3,987**
Credit risk weighted assets relating to securitisation exposures	2,453	2,395	2,294
Exposures of New Zealand banking subsidiaries[3]	**74,105**	**78,662**	**77,256**
Total credit risk weighted assets	**345,120**	**349,041**	**342,955**
Market risk weighted assets	11,471	10,264	13,429
Operational risk weighted assets[4]	43,274	42,319	42,319
Interest rate risk in the banking book (IRRBB) risk weighted assets	27,118	31,703	34,799
RWA adjustment for the IRB capital floor	1,865	-	-
Total Risk Weighted Assets	**428,848**	**433,327**	**433,502**

[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.

[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 $14.5 billion credit RWA in supervisory overlays resulting from risk weight floors required by RBNZ. Refer to September 2023 ANZ NZ Disclosure Statement for details, noting that the supervisory adjustment for corporate exposures footnoted on page 97 of that document has been removed for the December 2023 quarter.

[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

Capital Floor	Dec 23 $M	Sep 23 $M	Jun 23 $M
Risk weighted assets under the standardised approach			
Credit Risk[5]	536,769	544,739	537,000
Market risk weighted assets	11,471	10,264	13,429
Operational risk weighted assets	43,274	42,319	42,319
Interest rate risk in the banking book (IRRBB) risk weighted assets	n/a	n/a	n/a
Total Risk Weighted Assets	**591,514**	**597,322**	**592,748**
Risk weighted assets prior to application of floor			
Credit Risk	345,120	349,041	**342,955**
Market risk weighted assets	11,471	10,264	13,429
Operational risk weighted assets	43,274	42,319	42,319
Interest rate risk in the banking book (IRRBB) risk weighted assets	27,118	31,703	34,799
Total Risk Weighted Assets	**426,983**	**433,327**	**433,502**
Capital floor at 72.5%	428,848	433,058	429,742
Capital floor adjustment	1,865	-	-

Capital ratios (%)	Dec 23	Sep 23	Jun 23
Level 2 Common Equity Tier 1 capital ratio	13.1%	13.3%	13.5%
Level 2 Tier 1 capital ratio	15.0%	15.2%	15.4%
Level 2 Total capital ratio	20.6%	21.0%	21.1%

Basel III APRA level 2 CET1	Dec 23	Sep 23	Jun 23
Common Equity Tier 1 Capital	55,992	57,794	58,576
Total Risk Weighted Assets	428,848	433,327	433,502
Common Equity Tier 1 capital ratio	13.1%	13.3%	13.5%

Basel III APRA level 1 Extended licensed entity CET1	Dec 23	Sep 23	Jun 23
Common Equity Tier 1 Capital	46,184	48,417	49,277
Total Risk Weighted Assets	365,402	367,093	365,486
Common Equity Tier 1 capital ratio	12.6%	13.2%	13.5%

Credit Risk Weighted Assets (CRWA)[6]:

Credit RWA for 31 December 2023 totalled $345.1 billion, a $3.9 billion decrease quarter on quarter. The main drivers of this reduction include:

- Data, models and methodology (-$6.5 billion)
  - continued refinement in processes, data and associated methodology treatments post implementation of revised Capital reforms rules post 1 January 2023 (-$5.1 billion);
  - net reduction of Credit RWA following implementation of a new model relating to NZ rural exposures and the removal of the associated RBNZ supervisory adjustment for corporate exposures (-$3.0 billion); and partially offset by
  - an increase in Australian Home Loans which is largely an artifact of the current PD model's response to changes in product packages sold to ANZ customers. A new model which addresses this has been submitted for Regulatory approval (+$1.5 billion).
- Foreign exchange and other movements (-$2.6 billion).
- Portfolio Risk (-$0.1 billion), where a small increase in Australia Home Loans due to a moderate increase in delinquency and loss given default profile was more than offset by reductions in other businesses.
- Volume growth (+$5.3 billion) across the Institutional business (+$3.0 billion), Australia Retail (+$1.7 billion) and Australia Commercial (+$1.1 billion).

Market Risk, Operational Risk and IRRBB RWA:

IRRBB RWA decreased $4.6 billion primarily due to an improvement in Embedded Losses.

Traded Market Risk RWA increased $1.2 billion over the quarter, mainly driven by an increase in Stress VaR and Specific risk.

Operational Risk RWA increased $1.0 billion due to improved financial performance of the bank in the FY23 financial year.

[5] RWA for residential mortgages for the Group excluding New Zealand banking subsidiaries exposures measured under the IRB approach is $127.8 billion when calculated under the standardised approach.

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

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 Default [7]

	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
Subject to Advanced IRB approach	$M	$M	$M	$M	$M
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 Exposures Subject to Supervisory Slotting	**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**

[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)

	Sep 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	62,668	140,016	136,576	7	6
Residential Mortgage	96,290	337,478	331,073	4	6
Retail SME	9,684	16,510	16,754	14	21
Qualifying Revolving Retail	3,243	12,817	12,957	12	21
Other Retail	1,644	1,557	1,588	5	19
Total Advanced IRB approach	**173,529**	**508,378**	**498,948**	**42**	**73**
Subject to Foundation IRB approach					
Corporate	34,819	93,349	97,242	1	-
Sovereign	10,252	229,463	250,808	-	-
Financial Institution	30,875	108,478	108,886	-	-
Total Foundation IRB approach	**75,946**	**431,290**	**456,936**	**1**	**-**
Specialised Lending Exposures Subject to Supervisory Slotting	**3,369**	**4,019**	**4,169**	**-**	**-**
Subject to Standardised approach					
Corporate	5,611	6,428	5,978	(3)	3
Sovereign	165	165	126	-	-
Residential Mortgage	2,065	2,269	2,140	(1)	2
Other Retail	44	32	28	-	4
Other Assets	3,255	5,920	6,900	-	-
Total Standardised approach	**11,140**	**14,814**	**15,172**	**(4)**	**9**
Credit Valuation Adjustment and Qualifying Central Counterparties	**4,000**	**7,035**	**6,624**	**-**	**-**
Exposures of New Zealand banking subsidiaries	**78,662**	**197,204**	**196,249**	**20**	**21**
Total	**346,646**	**1,162,740**	**1,178,098**	**59**	**103**

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

	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	**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**

Table 4(a) part (ii): Exposure at Default by portfolio type[8]

Portfolio Type	Dec 23 $M	Sep 23 $M	Jun 23 $M	Average for the quarter ended Dec 23 $M
Cash	144,994	137,316	149,726	141,155
Contingents liabilities, commitments, and other off-balance sheet exposures	161,566	171,361	168,706	166,464
Derivatives	45,322	46,577	47,980	45,950
Settlement Balances	19	15	58	17
Investment Securities	104,298	93,560	83,420	98,929
Net Loans, Advances & Acceptances	689,528	684,917	676,177	687,224
Other assets	9,772	9,589	12,834	9,681
Trading Securities	21,771	19,405	19,678	20,588
Total exposures	**1,177,270**	**1,162,740**	**1,158,579**	**1,170,008**

[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

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

	Sep 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	640	161	7	281	101	7	6
Residential Mortgage	2,363	160	(15)	119	43	4	6
Retail SME	385	102	11	95	61	14	21
Qualifying Revolving Retail	34	27	13	-	-	12	21
Other Retail	41	38	3	22	20	5	19
Total Advanced IRB approach	**3,463**	**488**	**19**	**517**	**225**	**42**	**73**
Foundation IRB approach							
Corporate	242	50	(2)	232	50	1	-
Sovereign	-	-	-	-	-	-	-
Financial Institution	4	1	-	2	1	-	-
Total Foundation IRB approach	**246**	**51**	**(2)**	**234**	**51**	**1**	**-**
Specialised Lending Subject to Supervisory Slotting	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Standardised approach							
Corporate	127	43	(8)	41	30	(3)	3
Residential Mortgage	81	11	-	15	9	(1)	2
Other Retail	6	1	-	6	1	-	4
Total Standardised approach	**214**	**55**	**(8)**	**62**	**40**	**(4)**	**9**
Exposures of New Zealand banking subsidiaries	1,098	136	17	271	60	20	21
Total	**5,021**	**730**	**26**	**1,084**	**376**	**59**	**103**

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

	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(c): Specific Provision Balance and Provisions held against performing exposures[9]

	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**

	Sep 23		
	Specific Provision Balance $M	**Provisions held against performing exposures $M**	**Total $M**
Collectively Assessed Provisions	354	3,678	4,032
Individually Assessed Provisions	376	-	376
Total Provision for Credit Impairment	**730**	**3,678**	**4,408**

	Jun 23		
	Specific Provision Balance $M	**Provisions held against performing exposures $M**	**Total $M**
Collectively Assessed Provisions	385	3,657	4,042
Individually Assessed Provisions	395	-	395
Total Provision for Credit Impairment	**780**	**3,657**	**4,437**

[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]

		Dec 23		
Securitisation activity by underlying asset type	**ANZ Originated $M**	**Original value securitised ANZ Self Securitised $M**	**ANZ Sponsored $M**	**Recognised gain or loss on sale $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)	(28)
Other	14
Total	**436**

		Sep 23		
Securitisation activity by underlying asset type	**ANZ Originated $M**	**Original value securitised ANZ Self Securitised $M**	**ANZ Sponsored $M**	**Recognised gain or loss on sale $M**
Residential mortgage	(105)	266	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	**(105)**	**266**	**-**	**-**

Securitisation activity by facility provided	Notional amount $M
Liquidity facilities	-
Funding facilities	1,000
Underwriting facilities	-
Lending facilities	-
Credit enhancements	-
Holdings of securities (excluding trading book)	(629)
Other	1
Total	**372**

[10] Activity represents net movement in outstanding.

	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)**

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	Dec 23 $M	Sep 23 $M	Jun 23 $M
Liquidity facilities	-	-	-
Funding facilities	10,560	9,886	9,306
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities (excluding trading book)	2,041	2,070	2,323
Protection provided	-	-	-
Other	142	92	60
Total	**12,743**	**12,048**	**11,689**

Securitisation exposure type - Off Balance Sheet	Dec 23 $M	Sep 23 $M	Jun 23 $M
Liquidity facilities	9	10	10
Funding facilities	2,705	3,191	2,843
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities (excluding trading book)	-	-	-
Protection provided	-	-	-
Other	-	-	-
Total	**2,714**	**3,201**	**2,853**

Total Securitisation exposure type	Dec 23 $M	Sep 23 $M	Jun 23 $M
Liquidity facilities	9	10	10
Funding facilities	13,265	13,077	12,149
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities (excluding trading book)	2,041	2,070	2,323
Protection provided	-	-	-
Other	142	92	60
Total	**15,457**	**15,249**	**14,542**

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	**Dec 23 $M**	**Sep 23 $M**	**Jun 23 $M**	**Dec 22 $M**
20	Tier 1 capital	64,150	66,026	66,770	64,009
21	Total exposures	1,251,015	1,224,719	1,212,920	1,210,057
	Leverage ratio				
22	Basel III leverage ratio	5.1%	5.4%	5.5%	5.3%

Table 20 Liquidity Coverage Ratio disclosure template

		Dec 23		Sep 23	
		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)		276,438		265,713
2	Alternative liquid assets (ALA)		-		-
3	Reserve Bank of New Zealand (RBNZ) securities		1,549		2,192
	Cash outflows				
4	Retail deposits and deposits from small business customers	267,462	26,214	263,220	25,517
5	of which: stable deposits	119,012	5,951	117,575	5,879
6	of which: less stable deposits	148,450	20,263	145,645	19,638
7	Unsecured wholesale funding	295,062	161,517	281,002	146,698
8	of which: operational deposits (all counterparties) and deposits in networks for cooperative banks	94,533	22,808	93,536	22,553
9	of which: non-operational deposits (all counterparties)	186,996	125,176	174,870	111,549
10	of which: unsecured debt	13,533	13,533	12,596	12,596
11	Secured wholesale funding		1,585		5,405
12	Additional requirements	192,408	69,052	195,559	70,639
13	of which: outflows related to derivatives exposures and other collateral requirements	44,394	44,394	48,206	48,206
14	of which: outflows related to loss of funding on debt products	-	-	-	-
15	of which: credit and liquidity facilities	148,014	24,658	147,353	22,433
16	Other contractual funding obligations	8,180	-	7,764	-
17	Other contingent funding obligations	125,419	8,614	118,609	8,024
18	Total cash outflows		266,982		256,283
	Cash inflows				
19	Secured lending (e.g. reverse repos)	28,595	1,157	28,360	1,549
20	Inflows from fully performing exposures	27,485	19,305	24,954	17,190
21	Other cash inflows	32,418	32,418	36,016	36,016
22	Total cash inflows	88,498	52,880	89,330	54,755
23	Total liquid assets		277,987		267,905
24	Total net cash outflows		214,102		201,528
25	Liquidity Coverage Ratio (%)		129.8%		132.9%
	Number of data points used (simple average)		65		65

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
• establish crisis/severity levels • liquidity limits • early warning indicators	• monitoring and review • Management actions not requiring business rationalisation	• 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
• 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	• 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 31 December 2023 was 129.8% (30 September 2023: 132.9%) with total liquid assets exceeding net cash outflows by an average of $63.9 billion. Through the period the LCR has remained within the range 124% to 138%. The liquid asset portfolio was made up of on average 58% ($161.7 billion) cash and central bank reserves and 37% ($103.6 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	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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