

**2020**

# BASEL III PILLAR 3 DISCLOSURE

AS AT 30 JUNE 2020

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.

<b>Version</b>	<b>Date Issued</b>	<b>Brief Outline of Change</b>
1.0	19 <sup>th</sup> August 2020	Version for publication.
1.1	9 <sup>th</sup> October 2024	Values for Level 1 entity Total Risk Weighted Assets and Capital Ratios have been adjusted along with inclusion of associated footnotes on page 2.

**Table 3 Capital adequacy - Capital Ratios and Risk Weighted Assets**

<b>Risk Weighted Assets (RWA)</b>	<b>Jun 20</b>	<b>Mar 20</b>	<b>Dec 19</b>
	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
<b>Subject to Advanced Internal Rating Based (IRB) approach</b>			
Corporate	146,850	150,290	139,134
Sovereign	6,656	6,915	6,169
Bank	14,794	18,615	16,357
Residential Mortgage	109,500	107,351	106,549
Qualifying Revolving Retail	4,705	4,956	5,101
Other Retail	24,279	25,080	25,678
<b>Credit risk weighted assets subject to Advanced IRB approach</b>	<b>306,784</b>	<b>313,207</b>	<b>298,988</b>
<b>Credit Risk Specialised Lending exposures subject to slotting approach<sup>1</sup></b>	<b>38,784</b>	<b>41,072</b>	<b>37,085</b>
<b>Subject to Standardised approach</b>			
Corporate	12,331	14,626	13,557
Residential Mortgage	214	228	214
Other Retail	38	46	48
<b>Credit risk weighted assets subject to Standardised approach</b>	<b>12,583</b>	<b>14,900</b>	<b>13,819</b>
<b>Credit Valuation Adjustment and Qualifying Central Counterparties</b>	<b>7,786</b>	<b>9,679</b>	<b>7,817</b>
Credit risk weighted assets relating to securitisation exposures	2,096	2,142	1,880
Other assets	4,208	4,997	4,603
<b>Total credit risk weighted assets</b>	<b>372,241</b>	<b>385,997</b>	<b>364,192</b>
Market risk weighted assets	7,609	7,102	5,728
Operational risk weighted assets	46,961	47,902	46,773
Interest rate risk in the banking book (IRRBB) risk weighted assets	9,874	8,011	7,461
<b>Total Risk Weighted Assets</b>	<b>436,685</b>	<b>449,012</b>	<b>424,154</b>
<b>Capital ratios (%)</b>	<b>Jun 20</b>	<b>Mar 20</b>	<b>Dec 19</b>
Level 2 Common Equity Tier 1 capital ratio	<b>11.1%</b>	<b>10.8%</b>	<b>10.9%</b>
Level 2 Tier 1 capital ratio	<b>12.9%</b>	<b>12.5%</b>	<b>12.8%</b>
Level 2 Total capital ratio	<b>15.8%</b>	<b>15.5%</b>	<b>15.2%</b>
<b>Basel III APRA level 2 CET1</b>	<b>Jun 20</b>	<b>Mar 20</b>	<b>Dec 19</b>
Common Equity Tier 1 Capital	48,609	48,331	46,359
Total Risk Weighted Assets	436,685	449,012	424,154
Common Equity Tier 1 capital ratio	<b>11.1%</b>	<b>10.8%</b>	<b>10.9%</b>
<b>Basel III APRA level 1 Extended licensed entity CET1</b>	<b>Jun 20</b>	<b>Mar 20</b>	<b>Dec 19</b>
Common Equity Tier 1 Capital	43,711	42,962	41,849
Total Risk Weighted Assets <sup>2</sup>	398,416	405,961	385,780
Common Equity Tier 1 capital ratio <sup>2</sup>	11.0%	10.6%	10.8%

<sup>1</sup> Specialised Lending exposures subject to supervisory slotting approach are those where the main servicing and repayment is from the asset being financed and includes specified commercial property development/investment lending and project finance.

<sup>2</sup> On 9<sup>th</sup> October 2024, ANZ adjusted the following values for the period 30 September 2019 to 31 March 2024 to reflect the application of the \$500 million Operational Risk capital overlay to both Level 1 and Level 2 regulatory consolidations.

- Level 1 Extended licensed entity Total Risk Weighted Assets with reporting period impacts of \$2.2 billion, and
- CET 1 capital ratio with reporting period impacts of 6 bps.

**Credit Risk Weighted Assets (CRWA)**

Total CRWA decreased \$13.8 billion (-3.6%) from March 2020 to \$372.2 billion at June 2020. The decrease was driven by the Institutional business across Corporate, Bank and Specialised Lending asset classes from a reduction in lending exposures combined with the impact of foreign exchange movements across the portfolio.

**Market Risk, Operational Risk and IRRBB Risk Weighted Assets (RWA)**

Traded Market Risk RWA increased \$0.5 billion over the quarter due to increase in 10 Day VaR and Stress VaR.

Operational Risk RWA decreased \$0.9 billion over the quarter driven by foreign exchange rates movements.

IRRBB RWA increased \$1.8 billion over the quarter due to greater Repricing and Yield Curve Risk volatility.

**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, Specialised Lending and Standardised exposures, however does not include Securitisation, Equities or Other Assets exposures.

**Table 4(a) part (i): Period end and average Exposure at Default <sup>3</sup>**

Advanced IRB approach	Risk Weighted Assets \$M	Exposure at Default \$M	Jun 20		
			Average Exposure at Default for three months \$M	Individual provision charge for three months \$M	Write-offs for three months \$M
Corporate	146,850	292,410	300,195	113	241
Sovereign	6,656	181,048	189,162	-	-
Bank	14,794	50,425	57,037	-	-
Residential Mortgage	109,500	382,513	381,297	24	16
Qualifying Revolving Retail	4,705	15,314	15,721	41	54
Other Retail	24,279	34,499	34,758	84	62
<b>Total Advanced IRB approach</b>	<b>306,784</b>	<b>956,209</b>	<b>978,170</b>	<b>262</b>	<b>373</b>
<b>Specialised Lending</b>	<b>38,784</b>	<b>46,311</b>	<b>47,374</b>	<b>3</b>	<b>-</b>
<b>Standardised approach</b>					
Corporate	12,331	13,796	14,884	(3)	10
Residential Mortgage	214	439	455	1	1
Other Retail	38	38	42	1	4
<b>Total Standardised approach</b>	<b>12,583</b>	<b>14,273</b>	<b>15,381</b>	<b>(1)</b>	<b>15</b>
<b>Credit Valuation Adjustment and Qualifying Central Counterparties</b>	<b>7,786</b>	<b>9,158</b>	<b>9,582</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>365,937</b>	<b>1,025,951</b>	<b>1,050,507</b>	<b>264</b>	<b>388</b>

<sup>3</sup> 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)

Advanced IRB approach	Mar 20				
	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	150,290	307,981	294,342	318	65
Sovereign	6,915	197,277	181,835	-	-
Bank	18,615	63,649	59,410	-	-
Residential Mortgage	107,351	380,082	379,512	15	20
Qualifying Revolving Retail	4,956	16,128	16,228	42	56
Other Retail	25,080	35,017	35,386	73	95
<b>Total Advanced IRB approach</b>	<b>313,207</b>	<b>1,000,134</b>	<b>966,713</b>	<b>448</b>	<b>236</b>
<b>Specialised Lending</b>	<b>41,072</b>	<b>48,436</b>	<b>46,170</b>	<b>9</b>	<b>-</b>
<b>Standardised approach</b>					
Corporate	14,626	15,971	15,401	4	24
Residential Mortgage	228	471	457	-	1
Other Retail	46	46	47	-	1
<b>Total Standardised approach</b>	<b>14,900</b>	<b>16,488</b>	<b>15,905</b>	<b>4</b>	<b>26</b>
<b>Credit Valuation Adjustment and Qualifying Central Counterparties</b>	<b>9,679</b>	<b>10,005</b>	<b>9,069</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>378,858</b>	<b>1,075,063</b>	<b>1,037,857</b>	<b>461</b>	<b>262</b>
<b>Dec 19</b>					
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	139,134	280,704	278,651	38	22
Sovereign	6,169	166,395	159,668	-	-
Bank	16,357	55,170	55,158	-	-
Residential Mortgage	106,549	378,944	376,160	15	27
Qualifying Revolving Retail	5,101	16,327	16,487	39	57
Other Retail	25,678	35,754	36,038	82	101
<b>Total Advanced IRB approach</b>	<b>298,988</b>	<b>933,294</b>	<b>922,162</b>	<b>174</b>	<b>207</b>
<b>Specialised Lending</b>	<b>37,085</b>	<b>43,903</b>	<b>43,626</b>	<b>-</b>	<b>-</b>
<b>Standardised approach</b>					
Corporate	13,557	14,831	13,915	(9)	-
Residential Mortgage	214	442	444	-	-
Other Retail	48	47	48	-	-
<b>Total Standardised approach</b>	<b>13,819</b>	<b>15,320</b>	<b>14,407</b>	<b>(9)</b>	<b>-</b>
<b>Credit Valuation Adjustment and Qualifying Central Counterparties</b>	<b>7,817</b>	<b>8,133</b>	<b>8,741</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>357,709</b>	<b>1,000,650</b>	<b>988,936</b>	<b>165</b>	<b>207</b>

Table 4(a) part (ii): Exposure at Default by portfolio type<sup>4</sup>

Portfolio Type	Jun 20	Mar 20	Dec 19	Average for the quarter ended Jun 20
	\$M	\$M	\$M	\$M
Cash	78,611	96,865	69,471	87,738
Contingents liabilities, commitments, and other off- balance sheet exposures	174,268	170,345	164,703	172,306
Derivatives	52,514	61,962	48,818	57,238
Settlement Balances	60	225	1	143
Investment Securities	85,790	84,112	77,758	84,951
Net Loans, Advances & Acceptances	609,049	630,971	607,801	620,009
Other assets	5,188	4,939	4,608	5,064
Trading Securities	20,471	25,644	27,490	23,058
<b>Total exposures</b>	<b>1,025,951</b>	<b>1,075,063</b>	<b>1,000,650</b>	<b>1,050,507</b>

<sup>4</sup> 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): Impaired asset<sup>5</sup>, Past due loans<sup>7</sup>, Provisions and Write-offs

	Jun 20					
	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
<b>Portfolios subject to Advanced IRB approach</b>						
Corporate	-	1,298	260	478	113	241
Sovereign	-	-	-	-	-	-
Bank	-	-	-	-	-	-
Residential Mortgage	-	562	3,382	137	24	16
Qualifying Revolving Retail	-	76	-	-	41	54
Other Retail	-	471	494	264	84	62
<b>Total Advanced IRB approach</b>	<b>-</b>	<b>2,407</b>	<b>4,136</b>	<b>879</b>	<b>262</b>	<b>373</b>
<b>Specialised Lending</b>	<b>-</b>	<b>117</b>	<b>29</b>	<b>25</b>	<b>3</b>	<b>-</b>
<b>Portfolios subject to Standardised approach</b>						
Corporate	1	148	19	63	(3)	10
Residential Mortgage	-	9	15	5	1	1
Other Retail	-	16	-	-	1	4
<b>Total Standardised approach</b>	<b>1</b>	<b>173</b>	<b>34</b>	<b>68</b>	<b>(1)</b>	<b>15</b>
<b>Qualifying Central Counterparties</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1</b>	<b>2,697</b>	<b>4,199</b>	<b>972</b>	<b>264</b>	<b>388</b>

<sup>5</sup> Impaired derivatives are net of credit valuation adjustment (CVA) of \$2 million, being a market value based assessment of the credit risk of the relevant counterparties (March 2020: \$3 million; December 2019: \$4 million).

<sup>6</sup> Impaired loans / facilities include restructured items of \$258 million for customer 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 (March 2020: \$226 million; December 2019: \$222 million).

<sup>7</sup> For regulatory reporting not well secured portfolio managed retail exposures have been reclassified from past due loans ≥ 90 days to impaired loans / facilities.



Table 4(b): Impaired asset, Past due loans, Provisions and Write-offs (continued)

			Mar 20			
	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
<b>Portfolios subject to Advanced IRB approach</b>						
Corporate	-	1,500	218	645	318	65
Sovereign	-	-	-	-	-	-
Bank	-	-	-	-	-	-
Residential Mortgage	-	504	2,791	128	15	20
Qualifying Revolving Retail	-	78	-	-	42	56
Other Retail	-	417	425	225	73	95
<b>Total Advanced IRB approach</b>	<b>-</b>	<b>2,499</b>	<b>3,434</b>	<b>998</b>	<b>448</b>	<b>236</b>
<b>Specialised Lending</b>	<b>-</b>	<b>71</b>	<b>27</b>	<b>14</b>	<b>9</b>	<b>-</b>
<b>Portfolios subject to Standardised approach</b>						
Corporate	1	139	14	74	4	24
Residential Mortgage	-	10	9	7	-	1
Other Retail	-	11	5	-	-	1
<b>Total Standardised approach</b>	<b>1</b>	<b>160</b>	<b>28</b>	<b>81</b>	<b>4</b>	<b>26</b>
<b>Qualifying Central Counterparties</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1</b>	<b>2,730</b>	<b>3,489</b>	<b>1,093</b>	<b>461</b>	<b>262</b>
			Dec 19			
	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
<b>Portfolios subject to Advanced IRB approach</b>						
Corporate	-	1,013	201	390	38	22
Sovereign	-	-	-	-	-	-
Bank	-	-	-	-	-	-
Residential Mortgage	-	489	2,743	130	15	27
Qualifying Revolving Retail	-	66	-	-	39	57
Other Retail	-	415	401	223	82	101
<b>Total Advanced IRB approach</b>	<b>-</b>	<b>1,983</b>	<b>3,345</b>	<b>743</b>	<b>174</b>	<b>207</b>
<b>Specialised Lending</b>	<b>-</b>	<b>30</b>	<b>31</b>	<b>5</b>	<b>-</b>	<b>-</b>
<b>Portfolios subject to Standardised approach</b>						
Corporate	-	125	16	80	(9)	-
Residential Mortgage	-	9	6	7	-	-
Other Retail	-	20	1	-	-	-
<b>Total Standardised approach</b>	<b>-</b>	<b>154</b>	<b>23</b>	<b>87</b>	<b>(9)</b>	<b>-</b>
<b>Qualifying Central Counterparties</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>-</b>	<b>2,167</b>	<b>3,399</b>	<b>835</b>	<b>165</b>	<b>207</b>

Table 4(c): Specific Provision Balance and General Reserve for Credit Losses <sup>8</sup>

	Jun 20		
	Specific Provision Balance \$M	General Reserve for Credit Losses \$M	Total \$M
Collectively Assessed Provisions for Credit Impairment	538	4,110	4,648
Individually Assessed Provisions	972	-	972
<b>Total Provision for Credit Impairment</b>	<b>1,510</b>	<b>4,110</b>	<b>5,620</b>

  

	Mar 20		
	Specific Provision Balance \$M	General Reserve for Credit Losses \$M	Total \$M
Collectively Assessed Provisions for Credit Impairment	473	4,028	4,501
Individually Assessed Provisions	1,093	-	1,093
<b>Total Provision for Credit Impairment</b>	<b>1,566</b>	<b>4,028</b>	<b>5,594</b>

  

	Dec 19		
	Specific Provision Balance \$M	General Reserve for Credit Losses \$M	Total \$M
Collectively Assessed Provisions for Credit Impairment	425	2,902	3,327
Individually Assessed Provisions	835	-	835
<b>Total Provision for Credit Impairment</b>	<b>1,260</b>	<b>2,902</b>	<b>4,162</b>

<sup>8</sup> 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<sup>9</sup>**

Securitisation activity by underlying asset type	ANZ Originated \$M	Jun 20 Original value securitised		Recognised gain or loss on sale \$M
		ANZ Self Securitised \$M	ANZ Sponsored \$M	
Residential mortgage	(207)	(129)	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>(207)</b>	<b>(129)</b>	<b>-</b>	<b>-</b>
<b>Securitisation activity by facility provided</b>				<b>Notional amount \$M</b>
Liquidity facilities				-
Funding facilities				(105)
Underwriting facilities				-
Lending facilities				-
Credit enhancements				-
Holdings of securities (excluding trading book)				(255)
Other				1
<b>Total</b>				<b>(359)</b>
Securitisation activity by underlying asset type	ANZ Originated \$M	Mar 20 Original value securitised		Recognised gain or loss on sale \$M
		ANZ Self Securitised \$M	ANZ Sponsored \$M	
Residential mortgage	(118)	69,008	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>(118)</b>	<b>69,008</b>	<b>-</b>	<b>-</b>
<b>Securitisation activity by facility provided</b>				<b>Notional amount \$M</b>
Liquidity facilities				-
Funding facilities				625
Underwriting facilities				-
Lending facilities				-
Credit enhancements				-
Holdings of securities (excluding trading book)				(180)
Other				243
<b>Total</b>				<b>688</b>

<sup>9</sup> Activity represents net movement in outstanding.

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

Securitisation activity by underlying asset type	Dec 19 Original value securitised			Recognised gain or loss on sale \$M
	ANZ Originated \$M	ANZ Self Securitized \$M	ANZ Sponsored \$M	
Residential mortgage	(143)	(6,221)	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>(143)</b>	<b>(6,221)</b>	<b>-</b>	<b>-</b>
Securitisation activity by facility provided				Notional amount \$M
Liquidity facilities				-
Funding facilities				585
Underwriting facilities				-
Lending facilities				-
Credit enhancements				-
Holdings of securities (excluding trading book)				654
Other				25
<b>Total</b>				<b>1,264</b>

**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 20	Mar 20	Dec 19
	\$M	\$M	\$M
Liquidity facilities	-	-	-
Funding facilities	8,801	8,799	7,052
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities (excluding trading book)	2,142	2,397	2,577
Protection provided	-	-	-
Other	348	432	338
<b>Total</b>	<b>11,291</b>	<b>11,628</b>	<b>9,967</b>

Securitisation exposure type - Off Balance Sheet	Jun 20	Mar 20	Dec 19
	\$M	\$M	\$M
Liquidity facilities	20	22	23
Funding facilities	1,924	1,818	1,735
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities (excluding trading book)	-	-	-
Protection provided	-	-	-
Other	-	-	-
<b>Total</b>	<b>1,944</b>	<b>1,840</b>	<b>1,758</b>

Total Securitisation exposure type	Jun 20	Mar 20	Dec 19
	\$M	\$M	\$M
Liquidity facilities	20	22	23
Funding facilities	10,725	10,617	8,787
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities (excluding trading book)	2,142	2,397	2,577
Protection provided	-	-	-
Other	348	432	338
<b>Total</b>	<b>13,235</b>	<b>13,468</b>	<b>11,725</b>

**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. APRA has not finalised a minimum Leverage Ratio requirement for Australian ADIs, although they have proposed a minimum of 3.5% for internal ratings based approach ADIs.

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

		<b>Jun 20</b>	<b>Mar 20</b>	<b>Dec 19</b>	<b>Sep 19</b>
	<b>Capital and total exposures</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
20	Tier 1 capital	56,459	56,295	54,172	55,221
21	Total exposures	1,060,751	1,124,399	1,022,701	989,225
	<b>Leverage ratio</b>				
22	Basel III leverage ratio	5.3%	5.0%	5.3%	5.6%

**Table 20 Liquidity Coverage Ratio disclosure template**

	Total Unweighted Value \$M	Jun 20 Total Weighted Value \$M	Total Unweighted Value \$M	Mar 20 Total Weighted Value \$M	Total Unweighted Value \$M	Dec 19 Total Weighted Value \$M
<b>Liquid assets, of which:</b>						
1		176,310		178,751		158,981
2			44,759	29,290		41,402
3		300		4,511		5,872
<b>Cash outflows</b>						
4	224,255	23,224	208,529	21,470	211,449	21,852
5	96,360	4,818	82,549	4,127	81,912	4,096
6	127,895	18,406	125,980	17,343	129,537	17,756
7	252,193	131,113	232,218	127,180	211,756	115,753
8	87,016	21,108	71,606	17,398	65,792	15,856
9	152,462	97,290	149,352	98,522	135,907	89,840
10	12,715	12,715	11,260	11,260	10,057	10,057
11		1,968		1,140		1,412
12	154,399	51,185	149,498	47,058	140,594	38,768
13	34,214	34,214	31,150	31,150	22,915	22,915
14	-	-	-	-	-	-
15	120,185	16,971	118,348	15,908	117,679	15,853
16	9,724	-	11,345	-	10,661	-
17	91,354	4,754	85,308	4,377	75,473	4,813
18		212,244		201,225		182,598
<b>Cash inflows</b>						
19	29,169	1,987	36,542	2,243	27,329	1,480
20	32,161	22,437	30,416	19,071	29,791	19,130
21	27,079	27,079	24,345	24,345	16,031	16,031
22	88,409	51,503	91,303	45,659	73,151	36,641
23		221,369		212,552		206,255
24		160,741		155,566		145,957
25		137.7%		136.6%		141.3%
		Number of data points used (simple average)	65	64		66

**Liquidity Coverage Ratio (LCR)**

ANZ's average LCR for the 3 months to 30 June 2020 was 137.7% with total liquid assets exceeding net outflows by an average of \$60.6b.

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.

The liquid asset portfolio continues to be mostly made up of HQLA securities and cash, on average 80% through the quarter.

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	<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> <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.</p>



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](https://anz.com)

Australia and New Zealand Banking Group Limited  
ABN 11005357522

