2024 Basel III Pillar 3 Disclosure

As at 31 December 2024
APS 330: Public Disclosure

Important notice

This document has been prepared by ANZ Bank HoldCo as the head of ANZ's Level 2 Banking Group (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 24 $M	Sep 24 $M	Jun 24 $M
Subject to Advanced Internal Rating Based (IRB) approach			
Corporate	69,262	62,853	60,486
Residential Mortgage[1]	92,768	90,924	95,387
Retail SME	9,602	9,724	10,005
Qualifying Revolving Retail	3,181	3,235	3,314
Other Retail	1,621	1,624	1,675
Credit risk weighted assets subject to Advanced IRB approach	**176,434**	**168,360**	**170,867**
Subject to Foundation IRB approach			
Corporate	38,463	33,275	35,130
Sovereign	11,611	11,119	11,041
Financial Institutions	32,906	29,821	29,843
Credit risk weighted assets subject to Foundation IRB approach	**82,980**	**74,215**	**76,014**
Credit Risk Specialised Lending exposures subject to slotting approach[2]	**5,077**	**4,242**	**3,762**
Subject to Standardised approach			
Corporate	13,510	14,699	4,955
Sovereign	301	81	247
Bank	91	80	-
Residential Mortgage	22,181	21,987	1,941
Other Retail	211	219	93
Other Assets	3,971	4,046	3,834
Credit risk weighted assets subject to Standardised approach	**40,265**	**41,112**	**11,070**
Credit Valuation Adjustment and Qualifying Central Counterparties	**5,439**	**3,847**	**5,052**
Credit risk weighted assets relating to securitisation exposures	**2,393**	**2,452**	**2,556**
Exposures of New Zealand banking subsidiaries	**66,857**	**66,957**	**66,118**
Total credit risk weighted assets	**379,444**	**361,185**	**335,439**
Market risk weighted assets	8,938	7,823	9,314
Operational risk weighted assets[3]	50,648	49,650	43,274
Interest rate risk in the banking book (IRRBB) risk weighted assets	22,029	23,052	24,855
RWA adjustment for the IRB capital floor	11,375	4,872	20,331
Total Risk Weighted Assets	**472,434**	**446,582**	**433,213**

[1] Residential Mortgages risk weighted assets includes a $3.1 billion in overlay for the PD model introduced from 30 June 2024 reporting period. Additionally, June 2024 reporting period RWA included a $9.6 billion overlay for the mortgages LGD model which was removed from the September 2024 reporting period.

[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 a $9.4 billion operational risk RWA overlay ($750 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 24 $M	Sep 24 $M	Jun 24 $M
Risk weighted assets under the standardised approach			
Credit Risk[4]	592,047	558,503	544,947
Market risk weighted assets	8,938	7,823	9,314
Operational risk weighted assets	50,648	49,650	43,274
Interest rate risk in the banking book (IRRBB) risk weighted assets	n/a	n/a	n/a
Total Risk Weighted Assets	**651,633**	**615,976**	**597,535**
Risk weighted assets prior to application of floor			
Credit Risk	379,444	361,185	335,439
Market risk weighted assets	8,938	7,823	9,314
Operational risk weighted assets	50,648	49,650	43,274
Interest rate risk in the banking book (IRRBB) risk weighted assets	22,029	23,052	24,855
Total Risk Weighted Assets	**461,059**	**441,710**	**412,882**
Capital floor at 72.5%	472,434	446,582	433,213
Capital floor adjustment	11,375	4,872	20,331

Capital ratios (%)	Dec 24	Sep 24	Jun 24
Level 2 Common Equity Tier 1 capital ratio	11.5%	12.2%	13.3%
Level 2 Tier 1 capital ratio	13.3%	14.0%	15.2%
Level 2 Total capital ratio	19.6%	20.6%	21.5%

Basel III APRA level 2 CET1	Dec 24	Sep 24	Jun 24
Common Equity Tier 1 Capital	54,333	54,469	57,576
Total Risk Weighted Assets	472,434	446,582	433,213
Common Equity Tier 1 capital ratio	11.5%	12.2%	13.3%

Basel III APRA level 1 Extended licensed entity CET1	Dec 24	Sep 24	Jun 24
Common Equity Tier 1 Capital	46,000	46,934	48,047
Total Risk Weighted Assets	398,015	372,364	372,917
Common Equity Tier 1 capital ratio	11.6%	12.6%	12.9%

Credit Risk Weighted Assets (CRWA):

Credit RWA for 31 December totalled $379.4 billion, a $18.2 billion increase quarter on quarter. The main drivers of this increase include:

- Volume growth (+$15.5 billion) predominantly in the Institutional business (+$13.2 billion) from foreign exchange rate changes impacting Markets exposures combined with lending growth in Corporate Finance and trade within Transaction Banking.
- Foreign exchange and other movements (+$5.9 billion) which includes an increase for CVA RWA (+$1.8 billion) driven by Markets exposure increase.
- Data, models and methodology (-$1.9 billion) from continued refinement in processes, data and associated methodology treatments.
- Portfolio Risk (-$1.3 billion) predominantly related to portfolio upgrades in the Institutional portfolio.

Market Risk, IRRBB and Operational Risk RWA:

- Traded Market Risk RWA increase $1.1 billion mainly driven by increase in Stressed VaR.
- IRRBB RWA decreased $1.0 billion primarily due to an improvement in Embedded Losses.
- Operational Risk RWA increased $1.0 billion due to annual refresh as per APS 115 prudential requirements and improved financial performance of the bank in the FY24 financial year.

[4] RWA for residential mortgages for the Group excluding New Zealand banking subsidiaries exposures measured under the IRB approach is $135.2 billion 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 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[5]

	Dec 24				
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	69,262	143,293	139,574	-	11
Residential Mortgage	92,768	361,972	359,424	5	7
Retail SME	9,602	16,848	16,970	17	21
Qualifying Revolving Retail	3,181	12,700	12,712	7	21
Other Retail	1,621	1,456	1,472	7	13
Total Advanced IRB approach	**176,434**	**536,269**	**530,151**	**36**	**73**
Subject to Foundation IRB approach					
Corporate	38,463	102,297	95,229	(18)	-
Sovereign	11,611	247,933	237,459	-	-
Financial Institution	32,906	126,348	117,298	-	-
Total Foundation IRB approach	**82,980**	**476,578**	**449,986**	**(18)**	**-**
Specialised Lending Exposures Subject to Supervisory Slotting	**5,077**	**6,603**	**5,999**	-	-
Subject to Standardised approach					
Corporate	13,510	17,437	17,989	7	-
Sovereign	301	12,027	11,911	-	-
Bank	91	400	400	-	-
Residential Mortgage	22,181	63,471	63,039	-	-
Other Retail	211	228	233	-	1
Other Assets	3,971	11,449	10,370	-	-
Total Standardised approach	**40,265**	**105,011**	**103,941**	**7**	**1**
Credit Valuation Adjustment and Qualifying Central Counterparties	**5,439**	**10,831**	**9,880**		
Exposures of New Zealand banking subsidiaries	**66,857**	**196,737**	**195,909**	**10**	**9**
Total	**377,051**	**1,332,029**	**1,295,867**	**35**	**83**

[5] 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 24				
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	62,853	135,855	134,594	15	10
Residential Mortgage	90,924	356,875	354,388	3	5
Retail SME	9,724	17,092	17,260	21	19
Qualifying Revolving Retail	3,235	12,724	12,748	13	22
Other Retail	1,624	1,488	1,526	7	14
Total Advanced IRB approach	**168,360**	**524,034**	**520,516**	**59**	**70**
Subject to Foundation IRB approach					
Corporate	33,275	88,161	90,711	(20)	11
Sovereign	11,119	226,985	224,228	-	-
Financial Institution	29,821	108,248	109,224	-	-
Total Foundation IRB approach	**74,215**	**423,394**	**424,162**	**(20)**	**11**
Specialised Lending Exposures Subject to Supervisory Slotting	**4,242**	**5,394**	**5,035**	**-**	**-**
Subject to Standardised approach					
Corporate	14,699	18,541	12,044	15	7
Sovereign	81	11,794	6,020	-	-
Bank	80	399	1,263	-	-
Residential Mortgage	21,987	62,608	31,337	(1)	-
Other Retail	219	237	4,249	(1)	-
Other Assets	4,046	9,292	12,769	-	1
Total Standardised approach	**41,112**	**102,871**	**67,682**	**13**	**7**
Credit Valuation Adjustment and Qualifying Central Counterparties	**3,847**	**8,930**	**8,870**	**-**	**-**
Exposures of New Zealand banking subsidiaries	**66,957**	**195,082**	**194,678**	**27**	**10**
Total	**358,733**	**1,259,705**	**1,220,944**	**79**	**98**

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

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

Table 4(a) part (ii): Exposure at Default by portfolio type[6]

Portfolio Type	Dec 24 $M	Sep 24 $M	Jun 24 $M	Average for the quarter ended Dec 24 $M
Cash	125,197	109,212	110,001	117,204
Contingents liabilities, commitments, and other off-balance sheet exposures	174,321	165,573	158,901	169,947
Derivatives	62,694	46,990	49,408	54,842
Settlement Balances	803	797	10	800
Investment Securities	144,474	137,113	119,680	140,794
Net Loans, Advances & Acceptances	795,713	774,442	702,620	785,077
Other assets	7,944	7,665	7,480	7,805
Trading Securities	20,883	17,913	17,836	19,398
Total exposures	**1,332,029**	**1,259,705**	**1,165,936**	**1,295,867**

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

	Dec 24						
	Non-performing exposures			Individually provisioned exposures			
	Exposure	Specific provision balance	Specific provision charge for three months	Exposure	Individual provision balance	Individual provision charge for three months	Write-offs for three months
Advanced IRB approach	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
Corporate	794	141	(4)	135	48	-	11
Residential Mortgage	3,673	187	7	139	33	5	7
Retail SME	473	141	19	121	84	17	21
Qualifying Revolving Retail	37	28	6	-	-	7	21
Other Retail	43	44	7	21	21	7	13
Total Advanced IRB approach	**5,020**	**541**	**35**	**416**	**186**	**36**	**73**
Foundation IRB approach							
Corporate	30	15	(18)	29	15	(18)	-
Sovereign	-	-	-	-	-	-	-
Financial Institution	2	-	-	1	-	-	-
Total Foundation IRB approach	**32**	**15**	**(18)**	**30**	**15**	**(18)**	**-**
Specialised Lending Subject to Supervisory Slotting	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Standardised approach							
Corporate	291	46	13	148	38	7	-
Residential Mortgage	655	19	(1)	22	7	-	-
Other Retail	5	2	-	5	2	-	1
Total Standardised approach	**951**	**67**	**12**	**175**	**47**	**7**	**1**
Exposures of New Zealand banking subsidiaries	1,520	155	8	327	59	10	9
					-		
Total	**7,523**	**778**	**37**	**948**	**307**	**35**	**83**

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

	Sep 24						
	Non-performing exposures			Individually provisioned exposures			
	Exposure	Specific provision balance	Specific provision charge for three months	Exposure	Individual provision balance	Individual provision charge for three months	Write-offs for three months
Advanced IRB approach	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
Corporate	945	155	23	151	57	15	10
Residential Mortgage	3,520	187	9	135	35	3	5
Retail SME	465	139	25	119	83	21	19
Qualifying Revolving Retail	36	28	12	-	-	13	22
Other Retail	42	44	9	21	20	7	14
Total Advanced IRB approach	**5,008**	**553**	**78**	**426**	**195**	**59**	**70**
Foundation IRB approach							
Corporate	30	14	(21)	29	14	(20)	11
Sovereign	-	-	-	-	-	-	-
Financial Institution	1	-	(1)	1	-	-	-
Total Foundation IRB approach	**31**	**14**	**(22)**	**30**	**14**	**(20)**	**11**
Specialised Lending Subject to Supervisory Slotting	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Standardised approach							
Corporate	266	35	12	107	30	15	7
Residential Mortgage	652	14	1	20	5	(1)	-
Other Retail	34	2	(1)	5	2	(1)	-
Total Standardised approach	**952**	**51**	**12**	**132**	**37**	**13**	**7**
Exposures of New Zealand banking subsidiaries	1,489	160	22	319	62	27	10
Total	**7,480**	**778**	**90**	**907**	**308**	**79**	**98**

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

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

Table 4(c): Specific Provision Balance and Provisions held against performing exposures[7]

	Dec 24		
	Specific Provision Balance $M	**Provisions held against performing exposures $M**	**Total $M**
Collectively Assessed Provisions	471	3,830	4,301
Individually Assessed Provisions	307	-	307
Total Provision for Credit Impairment	**778**	**3,830**	**4,608**

	Sep 24		
	Specific Provision Balance $M	**Provisions held against performing exposures $M**	**Total $M**
Collectively Assessed Provisions	470	3,777	4,247
Individually Assessed Provisions	308	-	308
Total Provision for Credit Impairment	**778**	**3,777**	**4,555**

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

[7] 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 [8]

Securitisation activity by underlying asset type	ANZ Originated $M	Dec 24 Original value securitised ANZ Self Securitised $M	ANZ Sponsored $M	Recognised gain or loss on sale $M
Residential mortgage	(357)	(89)	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	**(357)**	**(89)**	**-**	**-**

Securitisation activity by facility provided	Notional amount $M
Liquidity facilities	(3)
Funding facilities	-
Underwriting facilities	-
Lending facilities	-
Credit enhancements	-
Holdings of securities (excluding trading book)	(246)
Other	(222)
Total	**(471)**

Securitisation activity by underlying asset type	ANZ Originated $M	Sep 24 Original value securitised ANZ Self Securitised $M	ANZ Sponsored $M	Recognised gain or loss on sale $M
Residential mortgage	2,882	11,567	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	**2,882**	**11,567**	**-**	**-**

Securitisation activity by facility provided	Notional amount $M
Liquidity facilities	44
Funding facilities	120
Underwriting facilities	-
Lending facilities	-
Credit enhancements	-
Holdings of securities (excluding trading book)	(195)
Other	3,011
Total	**2,980**

[8] 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)

		Jun 24		
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	(36)	100	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	**(36)**	**100**	**-**	**-**

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

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 24 $M	Sep 24 $M	Jun 24 $M
Liquidity facilities	-	-	-
Funding facilities	10,575	11,000	10,550
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities (excluding trading book)	1,673	1,920	2,115
Protection provided	-	-	-
Other	185	216	105
Total	**12,433**	**13,136**	**12,770**

Securitisation exposure type - Off Balance Sheet	Dec 24 $M	Sep 24 $M	Jun 24 $M
Liquidity facilities	48	52	8
Funding facilities	2,636	2,203	3,339
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities (excluding trading book)	-	-	-
Protection provided	-	-	-
Other	-	-	-
Total	**2,684**	**2,255**	**3,347**

Total Securitisation exposure type	Dec 24 $M	Sep 24 $M	Jun 24 $M
Liquidity facilities	48	52	8
Funding facilities	13,211	13,203	13,889
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities (excluding trading book)	1,673	1,920	2,115
Protection provided	-	-	-
Other	185	216	105
Total	**15,117**	**15,391**	**16,117**

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.

		Dec 24	Sep 24	Jun 24	Mar 24
	Capital and total exposures	**$M**	**$M**	**$M**	**$M**
20	Tier 1 capital	62,699	62,676	65,846	66,709
21	Total exposures	1,432,615	1,344,137	1,250,307	1,228,121
	Leverage ratio				
22	Basel III leverage ratio	4.4%	4.7%	5.3%	5.4%

Liquidity Risk

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 GALCO. The Group's liquidity and funding risks are governed by a set of Board-approved principles and include:

- maintaining the ability to meet all payment obligations in the immediate term;
- ensuring that the Group maintains Board-approved 'survival horizons' under a range of idiosyncratic, 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.

The Group operates under a non-operating holding company structure whereby:

- Australia and New Zealand Banking Group Limited's (ANZBGL's) liquidity risk management framework remains unchanged and continues to operate its own liquidity and funding program, governance frameworks and reporting regime reflecting its authorised deposit-taking institution (ADI) operations;
- ANZ Group Holdings Limited (ANZGHL), the parent entity, has no material liquidity risk given the structure and nature of the balance sheet; and
- ANZ Non-Bank Group is not expected to have separate funding arrangements and will rely on ANZGHL for funding.

A separate liquidity policy has been established for ANZGHL and ANZ Bank Group to reflect the differing nature of liquidity risk inherent in each business model. ANZGHL will ensure that the parent entity and ANZ Non-Bank Group holds sufficient cash reserves to meet operating and financing requirements.

Key Areas of Measurement for Liquidity Risk

Scenario modelling of funding sources

The 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 include the Liquidity Coverage Ratio (LCR), which is a severe short term liquidity stress scenario, Net Stable Funding Ratio (NSFR) a longer-term structural liquidity measure (both of which are mandated by banking regulators including APRA) and internally-developed liquidity scenarios for stress testing purposes.

Liquid assets

The Group holds a portfolio of high quality (unencumbered) liquid assets to protect its 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 and asset qualifying as collateral for the CLF.

The Group monitors and manages the size and composition of its liquid assets portfolio on an ongoing basis in line with regulatory requirements and the risk appetite set by the ANZBGL Board.

Liquidity crisis contingency planning

The Group maintains APRA-endorsed liquidity crisis contingency plans for analysing and responding to a liquidity threatening event at a country and 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

The 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 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 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 stress testing

Liquidity Coverage Ratio (LCR)

The Group's average LCR (on a consolidated basis) for the 3 months to 31 December 2024 was 131.0% (30 September 2024: 132.4%) with total liquid assets exceeding net cash outflows by an average of $69.9 billion. Through the period the LCR has remained within the range 127% to 135%. The liquid asset portfolio was made up of on average 44% ($129.5 billion) cash and central bank reserves and 51% ($148.2 billion) HQLA1 securities, with the remaining mainly consisting of HQLA2 securities.

As per APRA requirements, liquid assets beyond the regulatory minimum are not included in the consolidated 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.

The 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 to ensure mismatches are managed effectively.

The Group's liquidity and funding management includes monitoring of liquidity for:

- Individual countries, including any local regulatory requirements.
- Consolidated ANZBGL 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.

Table 20 Liquidity Coverage Ratio disclosure template

		Dec 24		Sep 24	
		Total Unweighted Value $M	**Total Weighted Value $M**	**Total Unweighted Value $M**	**Total Weighted Value $M**
	Liquid assets, of which:				
1	High-quality liquid assets (HQLA)		292,501		272,530
2	Alternative liquid assets (ALA)		-		-
3	Reserve Bank of New Zealand (RBNZ) securities		3,171		2,734
	Cash outflows				
4	Retail deposits and deposits from small business customers	314,377	30,410	298,064	29,134
5	of which: stable deposits	147,987	7,399	138,003	6,900
6	of which: less stable deposits	166,390	23,011	160,061	22,234
7	Unsecured wholesale funding	311,069	171,454	288,824	152,798
8	of which: operational deposits (all counterparties) and deposits in networks for cooperative banks	98,149	23,770	97,264	23,560
9	of which: non-operational deposits (all counterparties)	199,813	134,577	178,711	116,389
10	of which: unsecured debt	13,107	13,107	12,849	12,849
11	Secured wholesale funding		1,821		924
12	Additional requirements	213,330	74,763	204,679	70,899
13	of which: outflows related to derivatives exposures and other collateral requirements	50,251	49,473	46,100	45,647
14	of which: outflows related to loss of funding on debt products	-	-	-	-
15	of which: credit and liquidity facilities	163,079	25,290	158,579	25,252
16	Other contractual funding obligations	10,267	982	9,513	750
17	Other contingent funding obligations	127,746	8,746	129,485	10,284
18	Total cash outflows		288,177		264,789
	Cash inflows				
19	Secured lending (e.g. reverse repos)	38,495	1,177	34,815	1,152
20	Inflows from fully performing exposures	30,734	21,449	29,139	20,376
21	Other cash inflows	39,767	39,767	35,319	35,319
22	Total cash inflows	108,996	62,394	99,273	56,847
23	Total liquid assets		295,673		275,264
24	Total net cash outflows		225,783		207,942
25	Liquidity Coverage Ratio (%)		131.0%		132.4%
	Number of data points used (simple average)		66		66

Glossary

ADI	Authorised Deposit-taking Institution.
ANZ Bank Group	ANZ BH Pty Ltd and each of its subsidiaries, including ANZBGL and ANZ Bank New Zealand
ANZ Non-Bank Group	ANZ NBH Pty Ltd and each of its subsidiaries, including beneficial interests in the 1835i trusts and non-controlling interests in the Worldline merchant acquiring joint venture, and ANZ Group Services Pty Ltd.
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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