8 November 2024

Market Announcements Office
ASX Limited
Level 4
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SYDNEY NSW 2000

APS 330 Pillar 3 Disclosure at 30 September 2024

Australia and New Zealand Banking Group Limited (ANZ) today released its APS 330 Pillar 3 Disclosure as at 30 September 2024.

It has been approved for distribution by ANZ's Continuous Disclosure Committee.

Yours faithfully

Simon Pordage
Company Secretary
Australia and New Zealand Banking Group Limited

2024 Basel III Pillar 3 Disclosure

As at 30 September 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.

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[1] Each table reference adopted in this document aligns to those required by APS 330 to be disclosed at full year.

Chapter 1 – Introduction

Purpose of this document

This document is prepared for ANZ BH Pty Ltd (ANZ Bank HoldCo) in accordance with Board policy and the Australian Prudential Regulation Authority (APRA) ADI Prudential Standard (APS) 330: Public Disclosure requirements. It presents information on Capital Adequacy and Risk Weighted Assets calculations for credit risk, securitisation, traded market risk, interest rate risk in the banking book and operational risk.

APS 330 Public Disclosure Prudential Standard requires locally-incorporated authorised deposit-taking institutions (ADIs) to meet minimum requirements for the public disclosure of key information on their capital, risk exposures, remuneration practices and, where applicable, leverage ratio, liquidity coverage ratio, net stable funding ratio and indicators for the identification of potential global systemically important banks, so as to contribute to the transparency of financial markets and to enhance market discipline.

The APS 330 disclosure has been prepared on the Level 2 basis being ANZ Bank HoldCo as the head of ANZ's Level 2 Banking Group following the implementation of the non-operating holding company on 3 January 2023 (formerly Australia and New Zealand Banking Group Limited (ANZBGL) for prior years).

Any reference to ANZ/Board/Group refers to ANZ's Level 2 Banking Group.

Verification of disclosures

These Pillar 3 disclosures have been verified in accordance with Board-approved policy, including ensuring consistency with information contained in ANZBGL and ANZ Group Holdings Limited (ANZGHL) Financial Reports, and in Pillar 1 returns provided to APRA. In addition, ANZ's external auditor has performed an agreed upon procedures engagement with respect to these disclosures.

Comparison to ANZ's Financial Reporting

These disclosures have been produced in accordance with regulatory capital adequacy concepts and rules, rather than with accounting policies adopted in ANZ's financial reports. As such, there are different areas of focus and measures in some common areas of these disclosures. These differences are most pronounced in the credit risk disclosures, for instance:

- The principal method for measuring the amount at risk is Exposure at Default (EAD), which is the estimated exposure owed on a credit obligation at the time of default. Under the Internal Ratings Based (IRB) approach in APS 113 Capital Adequacy: Internal Ratings-based Approach to Credit Risk, banks are accredited to provide their own estimates of EAD or use supervisory estimates for all exposures (drawn, commitments or contingents) reflecting the current balance as well as the likelihood of additional drawings prior to default. Note APS 113 no longer permits the use of own estimates (internally modelled credit conversion factors (CCFs)) for committed non-retail exposures and non-revolving retail, therefore ANZ apply supervisory CCFs as detailed in APS 112.

- Loss Given Default (LGD) is an estimate of the loss expected in the event of default. LGD is essentially calculated as the amount at risk (EAD) less expected net recoveries from realisation of collateral as well as any post default repayments of principal and interest.

- Most credit risk disclosures split ANZ's portfolio into regulatory asset classes, which span different areas of ANZ's internal divisional and business unit organisational structure.

Unless otherwise stated, all amounts are rounded to AUD millions.

Suncorp Bank Acquisition

On 31 July 2024, the Group acquired 100% of the shares in SBGH Limited, the immediate holding company of Suncorp Bank. The transaction was undertaken to accelerate the growth of the Group's retail and commercial businesses while also improving the geographic balance of its business in Australia. The reported figures at September 2024 include Suncorp Bank for the period since ownership where applicable.

Suncorp Bank is a standardised ADI with Credit RWA calculated based on APS 112 Standardised Approach to Credit Risk. Suncorp Bank is exposed to a similar range of inter-related business risks as the pre-existing ANZ portfolio and has its own Risk Management Framework, Risk Management Strategy, Risk Appetite Statement and supporting suite of policies and procedures to manage these risks. Work is in progress to ensure a smooth transition of risk management frameworks and policies, and effective integration into the ANZ risk management operating model.

Chapter 2 – Risk appetite and governance

Risk types: ANZ is exposed to a broad range of inter-related business risks.

- **Capital Adequacy risk** is the risk of loss arising from ANZ failing to maintain the level of capital required by prudential regulators and other key stakeholders (shareholders, debt investors, depositors, rating agencies etc.) to support ANZ's consolidated operations and risk appetite. Losses include those arising from diminished reputation, a reduction in investor/counter-party confidence, regulatory non-compliance (e.g. fines and banking license restrictions) and an inability for ANZ to continue to do business. ANZ pursues an active approach to capital management, which is designed to protect the interests of depositors, creditors and shareholders.

- **Credit risk** is the risk of financial loss resulting from a counterparty failing to fulfil its credit obligations or from a decrease in credit quality of a counterparty resulting in a deterioration of value.

- **Market risk** stems from ANZ's trading and balance sheet activities and is the risk to ANZ's earnings arising from changes in interest rates, foreign exchange rates, credit spreads, volatility, correlations or from fluctuations in bond, commodity or equity prices. The main sources of market risk at ANZ include the Trading Book, Interest Rate Risk in the Banking Book (IRRBB), derivative valuation adjustments and foreign exchange risks on the balance sheet.

- **Liquidity and Funding risk** is the risk that the Group is unable to meet its payment obligations as they fall due, including repaying depositors or maturing wholesale debt, or that the Group has insufficient capacity to fund increases in assets.

- **Non-Financial Risk (NFR)** is the risk of loss and/or non-compliance (including failure to act in accordance with laws, regulations, industry standards and codes, and internal policies) resulting from inadequate or failed internal processes, people, system and/or data, or from external events. This includes Operational Risk and the risk of reputation loss but excludes Strategic Risk.

- **Strategic risk** is defined as the risk that internal or external factors prevent ANZ from achieving the key strategic goals that are core to its operations due to a failure to adapt the strategy in response to changing environments and requirements, failure to execute the strategy effectively or introduced risk due to strategy changes.

- **Climate risk** includes:

    - Physical risk – arising from both longer-term changes in climate (chronic risk) as well as changes to the frequency and magnitude of extreme weather events (acute risk). Examples of chronic physical risk drivers include rising sea levels, rising average temperatures and ocean acidification. Examples of acute physical risk drivers includes heatwaves, floods, bushfires and cyclones;

    - Transition risk – arising from the transition to a lower carbon economy, including changes in domestic and international policy and regulatory settings, technological innovation, social adaptation and market changes; or

    - Liability risks – in the form of potential litigation or regulatory action that may arise as a consequence of a failure to adequately consider or respond to the impacts of climate change (including physical and transition risks). This includes for example, the risk of greenwashing, which may arise where an entity is alleged to have misrepresented its climate-related risks, business credentials or strategies.

Risk Appetite Statement

ANZ's Board is ultimately responsible for ANZ's risk management framework, which includes the Group Risk Appetite Statement (RAS). The Group RAS is the document which sets out the Board's expectations regarding the degree of risk that ANZ is prepared to accept in pursuit of its strategic objectives and plans.

The articulation of risk appetite and risk tolerances is central to the risk appetite statement. ANZ's Group RAS conveys the following:

- The degree of risk (risk appetite) that ANZ is prepared to accept in pursuit of its strategic objectives and plans considering its shareholders', depositors' and customers' interests.
- For each material risk, the maximum level of risk that ANZ is willing to operate within, expressed as a risk tolerance, where appropriate. Risk tolerances translate risk appetite into operational limits for the day-to-day management of material risks, where possible;
- The approach for setting risk tolerances at an appropriate level;
- The process for monitoring compliance with each risk tolerance and for taking appropriate action if it is breached;
- The timing and process for reviewing of the risk appetite and risk tolerances; and
- The cascading and application of Group RAS to Divisions and Business Units.

Risk Management Governance

The Board is responsible for setting a target risk culture, overseeing the establishment by management of an operational structure and the necessary resources to facilitate effective risk management throughout the banking group. These responsibilities include:

- Overseeing and assessing management's performance in achieving strategies and budgets approved by the Board and monitoring and managing risk across the banking group;
- Monitoring compliance with regulatory requirements, ethical standards and external commitments, oversight of the banking group's governance framework and implementation of related policies;
- Overseeing management's establishment of a sound risk management culture that supports the ability of the banking group to operate consistently within its risk appetite; and
- Approving each of the following (except to the extent delegated by the Board from time to time):
  - the risk appetite within which management is expected to operate, including the Group's risk appetite statement and risk management strategy;
  - the performance and remuneration policy;
  - major changes to the internal capital adequacy assessment process and the liquidity and funding management strategy or policy of the Level 2 Banking group.

Principal Board Committees

The following lists the principal Committees of the Board. From time to time, other ad hoc committees of the Board may be formed.

Risk Committee - assists the Board of Directors in:

- Advising the Board on, and recommending any change to ANZ's overall current and future risk appetite and risk management strategy, as appropriate;
- Assessing and advising the Board on management's implementation of the risk management strategy;
- Reviewing, and if thought fit, approving matters escalated from management concerning credit transactions, equity and other investments beyond the approval discretion of management;
- Reviewing matters escalated from management concerning risk acceptance, or resolution of significant risk exposures and risk events of ANZ (including significant breaches), and if thought fit, approving matters beyond the approval discretion of management;
- Overseeing compliance by ANZ with applicable external regulatory obligations, significant internal polices relating to the operation of its business and APRA risk reporting requirements (as appropriate);
- Advising the Board's People & Culture Committee of any financial or non-financial risk outcomes that may warrant consideration by the Board's People & Culture Committee in discharging its duties; and
- Monitoring key technology and cyber risks including matters referred to it by the Board's Digital Business and Technology Committee.

Audit Committee - assists the Board of Directors in:

- Overseeing the work of internal and external audit, including by regularly reviewing internal and external audit plans to ensure they meet regulatory requirements and cover all material risks and financial reporting requirements;
- Regularly reviewing the findings of audits, and seeking to ensure that concerns are being managed and rectified in an appropriate and timely manner;
- Overseeing the adequacy and independence of the internal and external audit functions;
- Overseeing ANZ's compliance with its financial reporting and professional accounting requirements;
- Overseeing and reviewing ANZ's financial reporting principles and policies, controls and procedures; and
- Seeking to ensure that management's procedures for the receipt, retention and treatment of information submitted confidentially by employees and third parties regarding accounting, internal controls, compliance or audit matters are established and maintained.

Digital Business and Technology Committee – assists the Board of Directors in:

- Monitoring and providing guidance as appropriate on matters relating to ANZ's digital transformation, technology, technology-related innovation strategies and information/cyber security strategies;
- Monitoring the delivery of the key programs that form part of ANZ's digital transformation, technology, technology-related innovation strategies and information/cyber security strategies;
- Recommending to the Board and monitoring the delivery of material digital transformation and technology investments; and
- Reviewing health and relevance of ANZ's technology suite, to seek to ensure secure, stable and reliable services.

People and Culture Committee - assists the Board of Directors in:

- Overseeing the design, effective operation, implementation and monitoring of the performance and remuneration framework, including performance management, fixed and variable remuneration, and accountability and consequence management;
- Considering and approving, where appropriate, remuneration arrangements for Non-Executive Directors;
- Considering and approving, or making recommendations to the Board, on the appointment (including fit and proper assessments) and termination of specified roles in accordance with the performance and remuneration policy;
- Overseeing succession plans for enterprise business critical roles, including making recommendations to the Board on succession matters relating to the Chief Executive Officer;
- Reviewing and making recommendations to the Board regarding remuneration arrangements and outcomes (including performance measures and assessment, and fixed and variable remuneration outcomes) for specified roles in accordance with the performance and remuneration policy;
- Reviewing and, where appropriate, approving relevant talent and culture strategies, policies and practices, including strategies and actions being taken to measure, monitor and continue to evolve organisational culture;
- Reviewing regular reporting on ANZ's Financial Accountability Regime framework;
- Overseeing the Enterprise Accountability Group (EAG) in carrying out its responsibilities under the EAG Charter, including approving any recommendations from EAG in relation to the accountability and consequence framework;
- Overseeing ANZ's approach to diversity and inclusion;
- Monitoring and where appropriate approving matters relating to the development of a stakeholder engagement strategy for shareholder and regulator communication in relation to remuneration issues; and
- Monitoring and where appropriate approving matters relating to ANZ 's compliance with regulatory, legal and any continuous disclosure requirements relating to remuneration.

Ethics, Environment, Social and Governance Committee - assists the Board of Directors in:

- Reviewing and approving the proposed corporate sustainability objectives for ANZ, and reviewing progress in achieving them;
- Reviewing the development of and approving applicable corporate governance policies and principles;
- Overseeing management's implementation of the whistleblower policy (in conjunction with the Audit Committee); and
- Overseeing the effectiveness of the operation of the continuous disclosure policy.

Nomination and Board Operations Committee - supports the Board of Directors in:

- Assisting the Board with all matters to do with the proper functioning of the Board, including in relation to its ongoing composition;
- Reviewing and approving the processes in place for evaluating the performance of the Board, its Standing Committees and each Director, including the Chairman of the Board but excluding the Chief Executive Officer; and
- All other matters to do with the effective and efficient operation of the Board and its Standing Committees.

The above Committees are exclusively comprised of Non-Executive directors. Members, including the Chair of each committee, are appointed by the Board and serve at the discretion of the Board and for such term or terms as the Board determines. Under ANZ's FAR arrangements, the chair and members of each committee are accountable persons with prescribed responsibility for oversight of the ANZ, as a member of the Board.

Processes and procedures relating to the operation of each of the board committees are documented in the committee charters and in the Board Committees' Standing Rules which are on the ANZ corporate governance website: http://shareholder.anz.com/our-company/corporate-governance.

Executive Management Committees
Executive Management Committees are responsible for co-ordination of risk matters for each of the areas of risk management. The following lists ANZ's key management committees and states their primary purpose, in accordance with ANZ's accountability map under FAR, and related sub-committees:

Group Executive Committee (ExCo) - headed by the CEO is ANZ's leadership team whose role is to support the CEO in delivering ANZ's purpose, to shape a world where people and communities thrive. It does this by focusing on:

- All Key stakeholders;
- ANZ's Culture and Capabilities; and
- Prioritising efforts and allocating resources in line with ANZ's strategic pillars.

Group Performance and Execution Committee (GPEC) - is charged with the oversight of the Group's overall operational performance and position and the execution of the operating plan.

Enterprise Accountability Group – reports to Board People and Culture Committee and is responsible for:

- overseeing the ongoing effectiveness of an enterprise-wide accountability and consequence management framework and being cognisant of its impact on the culture of ANZ;
- reviewing and approving the release of, or exercise of the downward adjustment or further deferral discretions in relation to, deferred remuneration; and
- reviewing and monitoring the consequences applied to staff who are considered either directly or indirectly accountable for material risk (financial or non-financial) and compliance events and/ or material internal audit issues.

Group Asset and Liability Committee (GALCO) - is responsible for the oversight and strategic management of the Group's balance sheet activities including balance sheet structure, liquidity, funding, capital management, non-traded interest rate risk and non-traded FX risk.

Capital and Stress Testing Oversight Committee (CSTOC) - is a sub-committee of GALCO, with responsibility for the oversight and control of the Group's stress testing framework, modelling, processes and outcomes; economic profit methodology and framework; operational risk capital measurement framework, modelling, processes and outcomes; capital allocation framework and other capital management (apart from Group ICAAP) and portfolio measurement related recommendations.

Credit and Market Risk Committee (CMRC) - is the senior executive management forum responsible for the oversight and control of credit, market, insurance, and other material financial risks across the ANZ Group. The committee is accountable to the Board Risk Committees in the effective discharge of their responsibilities.

Credit Ratings System Oversight Committee (CRSOC) - is the senior management forum responsible for the oversight and control of the Internal Ratings System for credit risk including credit model approvals and performance monitoring. CRSOC is a sub-committee of the CMRC.

Operational Risk Executive Committee (OREC)- is the primary senior executive management forum responsible for oversight of Operational Risk and Compliance Risk, expected and unexpected risk profile and the related control environment across the ANZ Group. The purpose of OREC is to assist the Board Risk Committees in the effective discharge of their responsibilities.

Financial Crime OREC Sub-Committee (FCOSC) - is the primary senior executive management forum responsible for oversight of the Financial Crime risk profile and the related Control Environment across the ANZ Group. The purpose of FCOSC is to assist OREC in the effective discharge of its responsibilities for financial crime obligations.

Ethics and Responsible Business Committee (ERBC) - is a leadership and decision-making body that exists to advance ANZ's purpose, namely to shape a world where people and communities thrive.
The committee seeks to ensure ANZ operates responsibly and achieves fair, ethical and balanced stakeholder outcomes. The committee considers the social and environmental impacts of the industries, customers, and communities that ANZ serves. It also considers ANZ's products and services and how they are provided, as well as stakeholder and community expectations. The committee is also accountable to the Board's Ethics, Environment, Social and Governance Committee in the effective discharge of its responsibilities.

Investment Committee - is to carry out the responsibilities delegated by the CEO of ANZ, regarding the funding and delivery of value from ANZ's investments in change initiatives. The committee acts as the governance, oversight and advisory board for funding provided to the Divisions and enterprise priorities.

Group Executive People Committee (GEPC) - is a leadership and decision-making body charged with advancing ANZ's people strategy and priorities in line with the ANZ's purpose, strategy and aspirational culture.

Suncorp Bank

Suncorp bank has its own Enterprise Risk Management Framework (ERMF) and Risk Management Strategy (RMS) which sets out how Suncorp Bank manages its risks utilising the ERMF, including risk appetite, policies, procedures, management responsibilities and controls.

Suncorp Bank's Risk Appetite Statement (RAS) is approved by its Board and sets the parameters within which the Suncorp Bank CEO and management are expected to operate. Any metrics outside tolerance are escalated to the Suncorp Bank CRO and tabled at the Suncorp Bank Credit Risk Committee and Suncorp Bank Non-Financial Risk Committee to determine management actions to address, which are then reported to its Board.

Chapter 3 – Capital reporting and measurement

Capital reporting and measurement

To ensure that an Authorised Deposit-taking Institution (ADI) is adequately capitalised on both a standalone and group basis, APRA adopts a tiered approach to the measurement of an ADI's capital adequacy by assessing the ADI's financial strength at three levels:

- Level 1 - being the ADI i.e., ANZBGL, consolidated with APRA-approved subsidiaries, to form the ADI's Extended Licensed Entity (ELE).
- Level 2 - being the consolidated ANZBGL group for financial reporting purposes adjusted to exclude associates' activities and certain subsidiaries referenced under APS 001: Definitions that undertake the following business activities:
  - Insurance businesses (including friendly societies and health funds).
  - Acting as manager, responsible entity, approved trustee, trustee or similar role in relation to funds management.
  - Non-financial (commercial) operations.
  - Securitisation special purpose vehicles to which assets have been transferred in accordance with APRA's requirements as set out in APS 120: Securitisation.
- Level 3 – the consolidated ANZGHL group for financial reporting purposes.

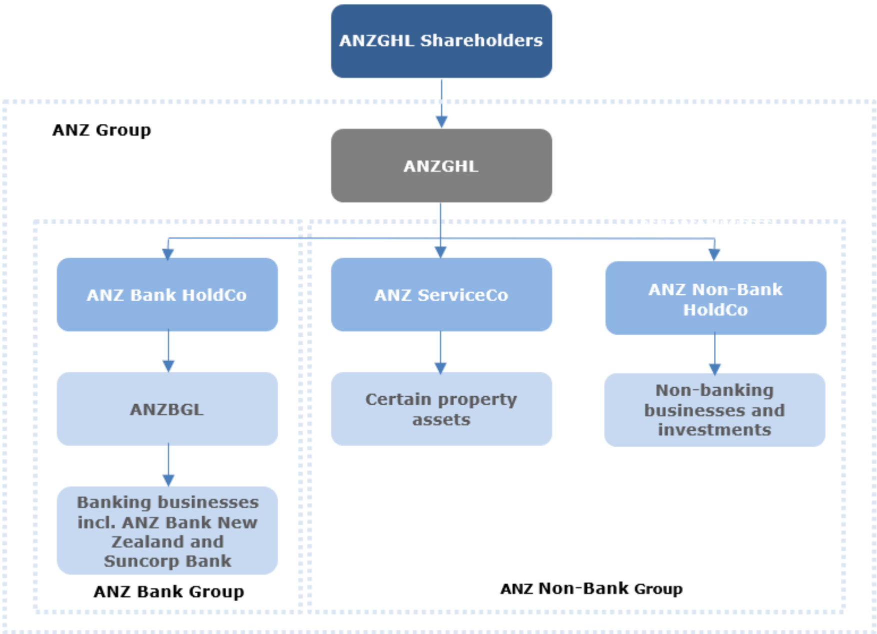
ANZ measures capital adequacy monthly and reports for prudential purposes on a Level 1 and Level 2 basis. This Pillar 3 report is based on the Level 2 prudential structure.

Following the implementation of the Non-operating holding company structure in January 2023, APRA's authority for ANZGHL to be a non-operating holding company (NOHC) of an ADI includes five conditions for ANZ's capital management framework. Two of these are quantitative requirements being:

- ANZGHL must always ensure that the quality and quantity of the total capital of the Level 3 group is equivalent to, or greater than, the quality and quantity of the sum of the total capital of the consolidated ANZ Bank Group and the consolidated ANZ Non-Bank Group.
- ANZGHL must calculate and manage capital for the ANZ Non-Bank Group in accordance with an Economic Capital Model (ECM), which requires the amount of capital held, in the form of Common Equity Tier 1 (CET1), to be equal to or greater than the capital requirement as calculated under the ECM.

For further details on Level 3 Capital, refer to Note 25 Capital Management of ANZGHL's 2024 Annual Report.

For a list of all material subsidiaries and a brief description of their key activities, refer to Note 25 Controlled Entities of ANZBGL's 2024 Annual Report.



Chapter 4 – Capital and Capital Adequacy

Table 1 Capital Disclosure template

The head of the Level 2 Group to which this prudential standard applies is ANZ BH Pty Ltd (ANZ Bank HoldCo).

Table 1 of this chapter consists of a Common Disclosure template that assists users in understanding the differences between the application of the Basel III reforms in Australia and those rules as detailed in the document. Finalised Basel III post-crisis reforms issued by the Bank for International Settlements. The capital disclosure template in this chapter is the post January 2018 version as ANZ is fully applying the Basel III regulatory adjustments, as implemented by APRA.

The information in the lines of the template has been mapped to ANZ's Level 2 balance sheet, which adjusts for non-consolidated subsidiaries as required under APS 001: Definitions. Where this information cannot be mapped on a one-to-one basis, it is provided in an explanatory table. ANZ's material non-consolidated subsidiaries are also listed in this chapter.

Restrictions on Transfers of Capital within ANZ

ANZ operates branches and locally incorporated subsidiaries in many countries. These operations are capitalised at an appropriate level to cover the risks in the business and to meet local prudential requirements. This level of capitalisation may be enhanced to meet local taxation and operational requirements. Any repatriation of capital from subsidiaries or branches is subject to meeting the requirements of the local prudential regulator and/or the local central bank. Apart from ANZ's operations in New Zealand, local country capital requirements do not impose any material call on ANZ's capital base.

ANZ undertakes banking activities in New Zealand principally through its wholly owned subsidiary, ANZ Bank New Zealand Limited (ANZ New Zealand), which is subject to minimum capital requirements as set by the Reserve Bank of New Zealand (RBNZ). ANZ New Zealand maintains a buffer above the minimum capital base required by the RBNZ. This capital buffer has been calculated via the Internal Capital Adequacy Assessment Process (ICAAP) undertaken for ANZ New Zealand, to ensure ANZ New Zealand is appropriately capitalised under stressed economic scenarios.

Table 1 Capital disclosure template

		Sep-24 $M	Reconciliation Table Reference
	Common Equity Tier 1 Capital: instruments and reserves		
1	Directly issued qualifying ordinary shares (and equivalent for mutually-owned entities) capital	26,762	Table A
2	Retained earnings	42,401	
3	Accumulated other comprehensive income (and other reserves)	(1,556)	Table B
4	Directly issued capital subject to phase out from CET1 (only applicable to mutually-owned companies)	-	
5	Ordinary share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	2	Table C
6	**Common Equity Tier 1 capital before regulatory adjustments**	**67,609**	
	Common Equity Tier 1 capital: regulatory adjustments		
7	Prudential valuation adjustments	-	
8	Goodwill (net of related tax liability)	4,273	
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	1,078	Table D
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	Table H
11	Cash-flow hedge reserve	(422)	
12	Shortfall of provisions to expected losses	210	Table E
13	Securitisation gain on sale	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	140	
15	Defined benefit superannuation fund net assets	113	Table F
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-	
17	Reciprocal cross-holdings in common equity	-	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
19	Significant investments in the ordinary shares of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-	Table G
20	Mortgage service rights (amount above 10% threshold)	n/a	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	
22	Amount exceeding the 15% threshold	-	
23	of which: significant investments in the ordinary shares of financial entities	-	
24	of which: mortgage servicing rights	n/a	
25	of which: deferred tax assets arising from temporary differences	-	
26	National specific regulatory adjustments (sum of rows 26a - 26j)	7,748	
26a	of which: treasury shares	-	
26b	of which: offset to dividends declared under a dividend reinvestment plan (DRP), to the extent to that the dividends are used to purchase new ordinary shares issued by the ADI	-	
26c	of which: deferred fee income	(430)	
26d	of which: equity investment in financial institutions not reported in rows 18, 19 and 23	2,721	Table G
26e	of which: deferred tax assets not reported in rows 10, 21 and 25	3,112	Table H
26f	of which: capitalised expenses	2,337	Table I
26g	of which: investments in commercial (non-financial) entities that are deducted under APRA rules	5	
26h	of which: covered bonds in excess of asset cover in pools	-	
26i	of which: undercapitalisation of a non-consolidated subsidiary	-	
26j	of which: other national specific regulatory adjustments not reported in rows 26a to 26i	3	
27	Regulatory adjustments applied to CET1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	
28	**Total regulatory adjustments to CET1**	**13,140**	
29	**Common Equity Tier 1 capital (CET1)**	**54,469**	

Table 1 Capital disclosure template

		Sep-24 $M	Reconciliation Table Reference
	Additional Tier 1 Capital: instruments		
30	Directly issued qualifying Additional Tier 1 instruments	8,384	Table J
31	of which: classified as equity under applicable accounting standards	-	
32	of which: classified as liabilities under applicable accounting standards	8,384	Table J
33	Directly issued capital instruments subject to phase out from Additional Tier 1	-	Table J
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-	Table J
35	of which: instruments issued by subsidiaries subject to phase out	n/a	
36	**Additional Tier 1 capital before regulatory adjustments**	**8,384**	
	Additional Tier 1 Capital: regulatory adjustments		
37	Investments in own Additional Tier 1 instruments	-	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, (net of eligible short positions)	155	Table J
41	National specific regulatory adjustments (sum of rows 41a - 41c)	22	
41a	of which: holdings of capital instruments in group members by other group members on behalf of third parties	-	
41b	of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 39 and 40	22	Table J
41c	of which: other national specific regulatory adjustments not reported in rows 41a and 41b	-	Table J
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 cover deductions	-	
43	**Total regulatory adjustments to Additional Tier 1 capital**	**177**	
44	**Additional Tier 1 capital (AT1)**	**8,207**	Table J
45	**Tier 1 Capital (T1=CET1+AT1)**	**62,676**	
	Tier 2 Capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments	27,888	
47	Directly issued capital instruments subject to phase out from Tier 2	-	Table K
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group T2)	-	
49	of which: instruments issued by subsidiaries subject to phase out	-	Table K
50	Provisions	1,712	
51	**Tier 2 capital before regulatory adjustments**	**29,600**	
	Tier 2 Capital: regulatory adjustments		
52	Investments in own Tier 2 instruments	100	Table K
53	Reciprocal cross-holdings in Tier 2 instruments	-	
54	Investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10%	-	
55	Significant investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions	86	Table K
56	National specific regulatory adjustments (sums of rows 56a - 56c)	225	Table K
56a	of which: holdings of capital instruments in group members by other group members on behalf of third parties	-	
56b	of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55	114	
56c	of which: other national specific regulatory adjustments not reported in rows 56a and 56b	111	
57	**Total regulatory adjustment to Tier 2 capital**	**411**	
58	**Tier 2 capital (T2)**	**29,189**	
59	**Total capital (TC=T1+T2)**	**91,865**	
60	**Total risk-weighted assets based on APRA standards**	**446,582**	

Table 1 Capital disclosure template

			Reconciliation Table Reference
	Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	12.2%	
62	Tier 1 (as a percentage of risk-weighted assets)	14.0%	
63	Total capital (as a percentage of risk-weighted assets)	20.6%	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIBs buffer requirement, expressed as a percentage of risk-weighted assets)	9.975%	
65	of which: capital conservation buffer requirement[2]	4.75%	
66	of which: ADI-specific countercyclical buffer requirements	0.7247%	
67	of which: G-SIB buffer requirement (not applicable)	n/a	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk-weighted assets)	7.7%	
	National minima (if different from Basel III)		
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	n/a	
70	National Tier 1 minimum ratio (if different from Basel III minimum)	n/a	
71	National total capital minimum ratio (if different from Basel III minimum)	n/a	
	Amount below thresholds for deductions (not risk-weighted)	-	
72	Non-significant investments in the capital of other financial entities	206	
73	Significant investments in the ordinary shares of financial entities	2,651	Table G
74	Mortgage servicing rights (net of related tax liability)	n/a	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	3,112	Table H
	Applicable caps on the inclusion of provisions in Tier 2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	377	Table E
77	Cap on inclusion of provisions in Tier 2 under standardised approach	565	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	1,335	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	1,881	
	Capital instruments subject to phase-out arrangements (only application between 1 January 2018 to 1 January 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	n/a	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	n/a	
82	Current cap on AT1 instruments subject to phase out arrangements	n/a	
83	Amount excluded from AT1 instruments due to cap (excess over cap after redemptions and maturities)	n/a	
84	Current cap on T2 instruments subject to phase out arrangements	n/a	
85	Amount excluded from T2 due to cap (excess over cap after redemption and maturities)	n/a	

Counter Cyclical Capital Buffer

	RWA for all private sector exposures	Jurisdictional Buffer	Countercyclical buffer requirement
Country	**$M**	**%**	**%**
Hong Kong	4,551	1.000	0.0136
Luxembourg	1,109	0.500	0.0017
Norway	386	2.500	0.0029
Sweden	179	2.000	0.0011
United Kingdom	4,197	2.000	0.0251
Australia	218,914	1.000	0.6557
Germany	1,712	0.750	0.0038
France	1,633	1.000	0.0049
Netherlands	1,340	2.000	0.0080
Denmark	179	2.500	0.0013
Belgium	59	0.500	0.0001
South Korea	1,813	1.000	0.0054
Ireland	243	1.500	0.0011
Other	97,591	n/a	n/a
Total	333,906		0.7247

[2] Includes 1.0% buffer applied by APRA to ADIs deemed as domestic systemically important.

The following table shows ANZ's consolidated balance sheet, and the adjustments required to derive the Level 2 Balance Sheet. The adjustments remove the external assets and liabilities of the entities deconsolidated for prudential purposes and reinstate any intragroup assets and liabilities, treating them as external to the Level 2 Group.

Assets	Balance Sheet as in published financial statements $M	Adjustments $M	Balance sheet under scope of regulatory consolidation $M	Template and Reconciliation Table Reference
Cash and Cash Equivalents	150,965		150,965	
Settlement Balances owed to ANZ	5,484		5,484	
Collateral Paid	10,090		10,090	
Trading securities	45,755		45,755	
of which: Financial Institutions capital instruments			86	Table M
Derivative financial instruments	54,370		54,370	
Investment Securities	140,262	(261)	140,001	
of which: significant investment in financial institutions equity instruments			958	Table G
of which: non-significant investment in financial institutions equity instruments			70	Table G
of which: Other entities equity investments			5	
of which: collectively assessed provision			(34)	Table E
Net loans and advances	804,032	(3,630)	800,402	
of which: deferred fee income			(430)	Row 26c
of which: collectively assessed provision			(3,372)	Table E
of which: individual provisions			(303)	Table E
of which: capitalised brokerage & Loan/Lease origination fees			(4,237)	Table I
of which: CET1 margin lending adjustment			-	Row 26j
of which: AT1 margin lending adjustment			12	
Regulatory deposits	665		665	
Due from controlled entities		95	95	
of which: Significant investments in the Tier 2 "capital of banking, financial and insurance entities" that are outside the scope of regulatory consolidation			86	Table K
Shares in controlled entities		496	496	
of which: Investment in deconsolidated financial subsidiaries			341	Table G
of which: AT1 significant investment in banking, financial and insurance entities that are outside the scope of regulatory consolidation			155	Table J
Investments in associates	1,415		1,415	
of which: Financial Institutions			1,415	Table G
Current tax assets	19		19	
Deferred tax assets	3,302	(18)	3,284	Table H
Goodwill and other intangible assets	5,421	(63)	5,358	
of which: Goodwill	-		4,273	
of which: Software			1,015	Table D
Premises and equipment	2,388		2,388	
Other assets	5,417	(227)	5,190	
of which: Defined benefit superannuation fund net assets			154	Table F
of which: Capitalised Costs of Disposal			2,005	
Total Assets	**1,229,585**	**(3,608)**	**1,225,977**	

Liabilities	Balance Sheet as in published financial statements $M	Adjustments $M	Balance sheet under scope of regulatory consolidation $M	Template and Reconciliation Table Reference
Settlement Balances owed by ANZ	16,188		16,188	
Collateral Received	6,583		6,583	
Deposits and other borrowings	905,166	50	905,216	
Derivative financial instruments	55,254		55,254	
Due to controlled entities	-	696	696	
Current tax liabilities	360	(80)	280	
Deferred tax liabilities	64		64	Table H
of which: related to intangible assets			-	Table D
of which: related to capitalised expenses			6	Table I
of which: related to defined benefit super assets			41	Table F
Payables and other liabilities	18,594	(360)	18,234	
Employee entitlements	644		644	
Provisions	1,584	4	1,588	
of which: individually assessed provision			841	Table E
of which: collectively assessed provision			5	Table E
Debt Issuances	156,388	(3,640)	152,748	
of which: Directly issued qualifying Additional Tier 1 instruments			8,277	Table J
of which: Additional Tier 1 Instruments			-	Table J
of which: Directly issued qualifying Tier 2 instruments			28,584	Table K
Total Liabilities	**1,160,825**	**(3,330)**	**1,157,495**	
Net Assets	**68,760**	**(278)**	**68,482**	

Shareholders' equity	Balance Sheet as in published financial statements $M	Adjustments $M	Balance sheet under scope of regulatory consolidation $M	Template and Reconciliation Table Reference
Ordinary Share Capital	27,065	(77)	26,988	Table A
of which: Share reserve			226	Tables A & B
Reserves	(1,678)		(1,678)	Table B
of which: Cash flow hedging reserves			(422)	Row 11
Retained earnings	42,602	(201)	42,401	Row 2
Share capital and reserves attributable to shareholders of the company	**67,989**	**(278)**	**67,711**	
Non-controlling interests	771		771	Table C
Total Shareholders' Equity	**68,760**	**(278)**	**68,482**	

The following reconciliation tables provide additional information on the difference between Table 1 Capital Disclosure Template and the Level 2 Balance Sheet.

Table A		Sep 24 $M	Table 1 Reference
	Issued capital	26,988	
Less	Reclassification to Reserves	(226)	Table B
	Regulatory Directly Issued qualifying ordinary shares	**26,762**	**Row 1**

Table B		Sep 24 $M	Table 1 Reference
	Reserves	(1,678)	
Add	Reclassification from Issued Capital	226	Table A
Less	Non qualifying reserves	(104)	
	Reserves for Regulatory capital purposes (amount allowed in group CET1)	**(1,556)**	Row 3

Table C		Sep 24 $M	Table 1 Reference
	Non-controlling interests	771	
Less	Ineligible Non-controlling Interests	(759)	
Less	Surplus capital attributable to minority shareholders	(10)	
	Ordinary share capital issued by subsidiaries and held by third parties	**2**	**Row 5**

Table D		Sep 24 $M	Table 1 Reference
	Software	1,015	
Add	Other intangible assets	-	
Less	Associated deferred tax liabilities	-	
Add	Regulatory reclassification from significant investments in the ordinary shares of banking, financial and insurance entities outside the scope of regulatory consolidation	63	Table G
	Other intangibles other than mortgage servicing rights (net of related tax liability)	**1,078**	**Row 9**

Table E		Sep 24 $M	Table 1 Reference
	Qualifying collective provision		
	Collectively assessed provision on Loans and advances	(3,372)	
	Collectively assessed provision on Investment Securities	(34)	
	Collectively assessed provision on Undrawn commitments	(841)	
Less	Non-qualifying collectively assessed provision	470	
Less	Standardised collectively assessed provision	377	Row 76
Less	Non-defaulted expected loss	2,065	
	Non-Defaulted: Expected Loss - Eligible Provision Shortfall	-	
	Qualifying individual provision		
	Individually assessed provision on Loans and advances	(303)	
	Individually assessed provision on Undrawn and contingent facilities	(5)	
Add	Additional individually assessed provision for partial write offs	(162)	
Less	Standardised individually assessed provision	34	
Add	Collectively assessed provision on advanced defaulted	(457)	
Less	Defaulted expected loss	1,103	
	Defaulted: Expected Loss - Eligible Provision Shortfall	210	
	Gross deduction	**210**	**Row 12**

Table F		Sep 24 $M	Table 1 Reference
	Defined benefit superannuation fund net assets	154	
Less	Associated deferred tax liabilities	(41)	
	Defined benefit superannuation fund net assets	**113**	**Row 15**

Table G		Sep 24 $M	Table 1 Reference
	Investment in deconsolidated financial subsidiaries	341	
Less	Regulatory reclassification to Retained Earnings and Other Intangible Assets	(63)	Table D
Add	Investment in financial associates	1,415	
Add	Investment in financial institutions Investment Securities	958	
Less	Amount below 10% threshold of CET1	(2,651)	Row 73
	Significant investments in the ordinary shares of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-	Row 19
Add	Deduction amount below the 10% threshold of CET 1	2,651	Row 73
Add	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital - Investment Securities	70	
	Equity investment in financial institutions not reported in rows 18, 19 and 23	2,721	Row 26d
	Deduction for equity holdings in financial institutions - APRA regulations	**2,721**	

Table H		Sep 24 $M	Table 1 Reference
	Deferred tax assets	3,284	
Add	Deferred tax liabilities	(64)	
	Deferred tax asset less deferred tax liabilities	3,220	
Less	Net Deferred tax assets included in other regulatory adjustments	(187)	
Add	Deferred tax liabilities on intangible assets, capitalised expenses and defined benefit superannuation fund assets	48	
Add	Impact of calculating the deduction on a jurisdictional basis	31	
	Deferred tax assets not reported in rows 10, 21 and 25 of the Common Disclosure Template	**3,112**	**Row 26e**

Table I		Sep 24 $M	Table 1 Reference
	Capitalised brokerage & loan/lease origination fees	4,237	
	Capitalised debt and capital disposal & issuance expenses	111	
	Other Capitalised Expenses	(2,005)	
Less	Associated deferred tax liabilities	(6)	
	Capitalised expenses	**2,337**	**Row 26f**

Table J		Sep 24 $M	Table 1 Reference
	Directly issued qualifying Additional Tier 1 Capital Instruments classified as liabilities	8,277	
Add	Issue costs	(22)	
Add	Fair value adjustment	129	
	Directly issued qualifying Additional Tier 1 Capital Instruments classified as liabilities	8,384	Row 30
	Additional Tier 1 instruments issued by subsidiaries held by third parties	-	
Add	Issue costs	-	
Less	Surplus capital attributable to third party holders	-	
Add	AT1 Instruments issued by subsidiaries and held by third parties (amounts allowed in Group AT1)	-	Row 34
	Additional Tier 1 capital before regulatory adjustments	**8,384**	**Row 36**
Less	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation	(155)	Row 40
Less	Investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 39 and 40	(22)	Row 41b
Less	Other national specific regulatory adjustments not reported	-	Row 41c
	Additional Tier 1 capital	**8,207**	**Row 44**

Table K		Sep 24 $M	Table 1 Reference
Add	Surplus capital attributable to third party holders	-	Row 48
Add	Directly issued qualifying Tier 2 instruments	28,584	
Less	Tier 2 instruments subject to amortisation[3]	(1,420)	
Add	Issue costs	28	
Add	Fair value adjustment	696	
Add	Provisions	1,712	
	Tier 2 capital before regulatory adjustments	29,600	Row 51
Less	Investments in own Tier 2 instruments (trading limit)	(100)	Row 52
Less	Significant investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions	(86)	Row 55
Less	Investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55	(225)	Row 56
	Tier 2 capital	**29,189**	**Row 58**

[3] APRA requires these instruments to be amortised by 20% of the original amount during each of the last five years to maturity.

The following table provides details of entities included within the accounting scope of consolidation but excluded from regulatory consolidation.

Entity	Activity	Total Assets $M	Total Liabilities $M
ACN 008 647 185 Pty Ltd	Holding Company	-	-
ANZ ILP Pty Ltd	Incorporated Legal Practice	3	-
ANZ Investment Services (New Zealand) Limited	Funds Management	16	-
ANZ Lenders Mortgage Insurance Pty. Limited	Mortgage insurance	894	435
ANZ New Zealand Investments Limited	Funds Management	94	32
ANZ New Zealand Investments Nominees Limited	Nominee	-	-
ANZ Pensions (UK) Limited	Trustee/Nominee	-	-
ANZcover Insurance Private Ltd	Captive-Insurance	231	164
APOLLO Series 2024-1 Trust	Securitisation Trust	1,127	1,127
APOLLO Series 2015-1 Trust	Securitisation Trust	130	130
APOLLO Series 2017-1 Trust	Securitisation Trust	196	196
APOLLO Series 2017-2 Trust	Securitisation Trust	255	255
APOLLO Series 2018-1 Trust	Securitisation Trust	231	230
APOLLO Series 2022-1 Trust	Securitisation Trust	406	405
APOLLO Series 2023-1 Trust	Securitisation Trust	668	668
Kingfisher Trust 2016-1	Securitisation Trust	306	306
Kingfisher Trust 2019-1	Securitisation Trust	407	407
Shout for Good Pty. Ltd.	Corporate	1	1

Table 2 Main features of capital instruments

Details of the main features of the ANZ Group's regulatory capital instruments, together with the terms and conditions of those capital instruments, are available at

www.anz.com/shareholder/centre/reporting/regulatory-disclosure/regulatory-capital-instruments/.

Table 3 Capital adequacy, Table 4 Credit risk, Table 5 Securitisation

The above tables are produced at the quarters ending 30 June and 31 December.

Table 6 Capital adequacy

Capital management

ANZ pursues an active approach to capital management, which is designed to protect the interests of depositors, creditors and shareholders. This involves the on-going review and Board approval of the level and composition of ANZ's capital base, assessed against the following key policy objectives:

- Regulatory compliance such that capital levels exceed APRA's, ANZ's primary prudential supervisor, minimum Prudential Capital Ratios (PCRs) both at Level 1 (the Company and APRA approved subsidiaries) and Level 2 (ANZ Bank Holdco consolidated under Australian prudential standards), along with US Federal Reserve's minimum Level 2 requirements under ANZ's Foreign Holding Company Licence in the United States of America;

- Capital levels are aligned with the risks in the business and to meet strategic and business development; and

- An appropriate balance between maximising shareholder returns and prudent capital management principles.

ANZ achieves these objectives through an Internal Capital Adequacy Assessment Process (ICAAP) whereby ANZ conducts detailed strategic and capital planning over a medium-term time horizon. The Capital Plan is maintained and updated through a monthly review of forecast financial performance, economic conditions and development of business initiatives and strategies. The Board and senior management are provided with monthly updates of ANZ's capital position. Any actions required to ensure ongoing prudent capital management are submitted to the Board for approval. ANZ annually conducts a detailed strategic planning process over a three-year time horizon, the outcomes of which are embodied in the Strategic Plan. This process involves forecasting key economic variables which Divisions use to determine key financial data for their existing business. New strategic initiatives to be undertaken over the planning period and their financial impact are then determined. These processes are used for the following:

- Review capital ratios, targets, and levels of different classes of capital against ANZ's risk profile and risk appetite outlined in the Strategic Plan. ANZ's capital targets reflect the key policy objectives above, and the desire that under specific stressed economic scenarios that capital levels have sufficient capital to remain above PCR requirements;
- Stress tests are performed under different economic conditions to provide a comprehensive review of ANZ's capital position both before and after mitigating actions. The stress tests determine the level of additional capital (i.e., the 'stress capital buffer') needed to absorb losses that may be experienced during an economic downturn; and
- Stress testing is integral to strengthening the predictive approach to risk management and is a key component in managing risks, asset writing strategies and business strategies. It creates greater understanding of the impacts on financial performance through modelling relationships and sensitivities between geographic, industry and Divisional exposures under a range of macro-economic scenarios. ANZ has a dedicated stress testing team within Risk that models and reports to management and the Board Risk Committee on a range of scenarios and stress tests.

Results are subsequently used to:
- Recalibrate ANZ's management targets for minimum and operating ranges for its respective classes of capital such that ANZ will have sufficient capital to remain above regulatory requirements; and
- Identify the level of organic capital generation and hence determine current and future capital issuance requirements for Level 1 and Level 2.

From these processes, a Capital Plan is developed and approved by the Board which identifies the capital issuance requirements, capital securities maturity profile, and options around capital products, timing and markets to execute the Capital Plan under differing market and economic conditions.

Suncorp Bank manages its own Internal Capital Adequacy Assessment Processes (ICAAP), informed by outputs from its annual stress test program.

Regulatory environment

ANZ’s regulatory capital calculation is governed by APRA’s Prudential Standards which adopt a risk-based capital assessment framework based on the Basel III capital measurement standards. This risk-based approach requires eligible capital to be divided by total risk weighted assets (RWA), with the resultant ratio being used as a measure of an Authorised Deposit-taking Institution’s (ADI’s) capital adequacy. APRA determines PCRs for Common Equity Tier 1 (CET1), Tier 1 and Total Capital, with capital as the numerator and RWAs as the denominator.

Regulatory capital is divided into Tier 1, carrying the highest capital elements, and Tier 2, which has lower capital elements, but still adds to the overall strength of the ADI.

Tier 1 capital is comprised of Common Equity Tier 1 capital less deductions and Additional Tier 1 capital instruments. Common Equity Tier 1 capital comprises shareholders’ equity adjusted for items which APRA does not allow as regulatory capital or classifies as lower forms of regulatory capital. Common Equity Tier 1 capital includes the following significant adjustments:

- Reserves exclude the hedging reserve and reserves of insurance and funds management subsidiaries.
- Retained and current year earnings excluding those of insurance and funds management subsidiaries but includes capitalised deferred fees forming part of loan yields that meet the criteria set out in the prudential standard.

Additional Tier 1 capital instruments are high quality components of capital that provide a permanent and unrestricted commitment of funds, are available to absorb losses, are subordinated to the claims of depositors and senior creditors in the event of the winding up of the issuer and provide for fully discretionary capital distributions.

Deductions from the capital base comprise mainly deductions to the Common Equity Tier 1 component. These deductions are largely intangible assets, investments in insurance entities and associates, capitalised expenses (including loan and origination fees), and net deferred tax assets.

Tier 2 capital mainly comprises perpetual subordinated debt instruments and dated subordinated debt instruments which have a minimum term of five years at issue date.

Total Capital is the sum of Tier 1 capital and Tier 2 capital.

In addition to the prudential capital oversight that APRA conducts over the Company and the Group, the Company’s branch operations and major banking subsidiary operations are overseen by local regulators such as the Reserve Bank of New Zealand, the US Federal Reserve, the UK Prudential Regulation Authority, the Monetary Authority of Singapore, the Hong Kong Monetary Authority and the China Banking and Insurance Regulatory Commission who may impose minimum capital levels on operations in their individual jurisdictions.

Throughout the financial year, the Company and the Group maintained compliance with the minimum Common Equity Tier 1, Tier 1 and Total Capital ratios set by APRA and the US Federal Reserve (as applicable) as well as applicable capitalisation rates set by regulators in countries where the Company operates branches and subsidiaries.

Regulatory developments

There are a number of matters currently outstanding that may have an impact on ANZ’s regulatory capital in the future. Details of these matters are available in ANZGHL’s 2024 Full Year Results Announcement Group Results section, page 51, available on ANZ’s website: www.anz.com/shareholder/centre/reporting/results-announcement.

Table 6 Capital adequacy - Capital Ratio and Risk Weighted Assets

The following table provides the composition of capital used for regulatory purposes and capital adequacy ratios.

Risk weighted assets	Sep 24 $M	Mar 24 $M	Sep 23 $M
Subject to Advanced Internal Rating Based (IRB) approach			
Corporate	62,853	60,362	62,668
Residential Mortgage[4]	90,924	101,338	96,290
Retail SME	9,724	9,538	9,684
Qualifying Revolving Retail	3,235	3,344	3,243
Other Retail	1,624	1,664	1,644
Credit risk weighted assets subject to Advanced IRB approach	**168,360**	**176,246**	**173,529**
Subject to Foundation IRB approach			
Corporate	33,275	35,665	34,819
Sovereign	11,119	10,856	10,252
Financial Institutions	29,821	30,122	30,875
Credit risk weighted assets subject to Foundation IRB approach	**74,215**	**76,643**	**75,946**
Credit risk Specialised Lending exposures subject to slotting approach[5]	**4,242**	**3,579**	**3,369**
Subject to Standardised approach			
Corporate	14,699	5,102	5,611
Sovereign	81	171	165
Bank	80	-	-
Residential Mortgage	21,987	1,853	2,065
Other Retail	219	92	44
Other Assets	4,046	3,790	3,255
Credit risk weighted assets subject to Standardised approach	**41,112**	**11,008**	**11,140**
Credit Valuation Adjustment and Qualifying Central Counterparties	**3,847**	**5,304**	**4,000**
Credit risk weighted assets relating to securitisation exposures	**2,452**	**2,481**	**2,395**
Exposures of New Zealand banking subsidiaries[6]	**66,957**	**73,186**	**78,662**
Total credit risk weighted assets	**361,185**	**348,447**	**349,041**
Market risk weighted assets	7,823	11,863	10,264
Operational risk weighted assets[7]	49,650	43,274	42,319
Interest rate risk in the banking book (IRRBB) risk weighted assets	23,052	26,200	31,703
RWA adjustment for the IRB capital floor	4,872	2,995	-
Total risk weighted assets	**446,582**	**432,779**	**433,327**

Market Risk, IRRBB and Operational Risk RWA

Traded Market Risk RWA decreased by $4.1 billion over the half, mainly driven by decrease in 10-day Standard VaR, Stress VaR & Specific Risk.

IRRBB RWA decreased by $3.1 billion over the half primarily due to an improvement in Embedded Losses.

Operational Risk RWA increased by $6.4 billion over the half primarily due to Suncorp integration and additional APRA overlay of $250 million capital imposed on ANZ.

[4] Residential Mortgages risk weighted assets includes a new $3.0 billion overlay for the PD model introduced from 30 June 2024 reporting period. Additionally prior period RWA included $9.6 billion overlay for the mortgages LGD model which has been removed for September 2024 reporting period.

[5] 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.

[6] Prior period RWA for Exposures of New Zealand banking subsidiaries included $14.2 billion (March) and $20.0 billion (September) due to supervisory overlays resulting from risk weight floors required by RBNZ.

[7] Includes a $9.4 billion ($750 million capital) operational risk RWA overlay from 30 September 2024 applied to both Level 1 and Level 2 regulatory consolidations, (prior periods overlay $6.25 billion, or $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 6 Capital adequacy - Capital Ratio and Risk Weighted Assets

Capital Floor	Sep 24 $M	Mar 24 $M	Sep 23 $M
Risk weighted assets under the standardised approach			
Credit Risk[8]	558,503	541,800	544,739
Market risk weighted assets	7,823	11,863	10,264
Operational risk weighted assets	49,650	43,274	42,319
Interest rate risk in the banking book (IRRBB) risk weighted assets	n/a	n/a	n/a
Total Risk Weighted Assets	**615,976**	**596,937**	**597,322**
Risk weighted assets prior to application of floor			
Credit Risk	361,185	348,447	349,041
Market risk weighted assets	7,823	11,863	10,264
Operational risk weighted assets	49,650	43,274	42,319
Interest rate risk in the banking book (IRRBB) risk weighted assets	23,052	26,200	31,703
Total Risk Weighted Assets	**441,710**	**429,784**	**433,327**
Capital floor at 72.5%	446,582	432,779	433,058
Capital floor adjustment	4,872	2,995	-

Capital ratios (%)	Sep 24	Mar 24	Sep 23
Level 2 Common Equity Tier 1 capital ratio	12.2%	13.5%	13.3%
Level 2 Tier 1 capital ratio	14.0%	15.4%	15.2%
Level 2 Total capital ratio	20.6%	21.9%	21.0%
Level 1: Extended licensed Common Equity Tier 1 capital ratio	12.6%	13.3%	13.1%
Level 1: Extended licensed entity Tier 1 capital ratio	14.9%	15.6%	15.4%
Level 1: Extended licensed entity Total capital ratio	22.7%	23.2%	22.2%
Other significant Authorised Deposit-taking Institution (ADI) or overseas bank subsidiary:			
ANZ Bank New Zealand Limited – Common Equity Tier 1 capital ratio	12.6%	12.8%	12.5%
ANZ Bank New Zealand Limited - Tier 1 capital ratio	15.1%	14.7%	14.1%
ANZ Bank New Zealand Limited - Total capital ratio	17.2%	16.2%	15.5%

Basel III APRA level 2 CET1	Sep 24	Mar 24	Sep 23
Common Equity Tier 1 Capital	54,469	58,412	57,794
Total Risk Weighted Assets	446,582	432,779	433,327
Common Equity Tier 1 capital ratio	12.2%	13.5%	13.3%

Basel III APRA level 1 Extended licensed entity CET1	Sep 24	Mar 24	Sep 23
Common Equity Tier 1 Capital	46,934	49,367	48,417
Total Risk Weighted Assets	372,364	370,730	368,432
Common Equity Tier 1 capital ratio	12.6%	13.3%	13.1%

Credit Risk Weighted Assets (CRWA)

Credit RWA for 30 September totalled $361.2 billion, a $12.7 billion increase half on half. The main drivers of this increase include:

- Completion of the Suncorp Bank acquisition (+$30.6 billion)
- Portfolio Risk (+$2.7 billion) with an increase in Australia Home Loans mostly due to a moderate increase in 90+ day delinquency ($1.3 billion) combined with the impact of Corporate customer downgrades.
- Volume growth (+$7.0 billion) predominantly driven by growth in the Institutional business ($4.6 billion) and in Australia Retail Home Loans ($2.8 billion).
- Data, models and methodology (-$23.6 billion) which includes implementation of Probability of Default and Loss Given Default models for Australia Mortgages, providing a net CRWA reduction of -$14.8 billion and Probability of Default model for New Zealand Mortgages, for a net CRWA reduction of -$6.8 billion. Additionally, there was continued refinement in processes, data and associated methodology treatments (-$2.0 billion).
- Foreign exchange and other movements (-$4.0 billion).

Change in treatment for unrated corporate exposures under APS 112

Effective 30 September 2024, ANZ implemented a revised APS 112 Capital Adequacy: Standardised Approach to Credit Risk treatment for unrated corporate borrowers providing differentiated risk weight treatments for investment grade and non-investment grade exposures. This change resulted in a decrease in credit RWA for Corporate exposures under the standardised approach which was reflected in a reduction of the RWA adjustment for the IRB capital floor for September 2024. ($20.3 billion in June 2024 to $4.9 billion at September 2024).

[8] RWA for residential mortgages for the Group excluding New Zealand banking subsidiaries exposures measured under the IRB approach is $133.0 billion when calculated under the standardised approach.

Chapter 5 – Credit risk

Table 7 Credit risk – General disclosures

Definition of credit risk

Credit risk is the risk of financial loss resulting from a counterparty failing to fulfil its obligations or a decrease in credit quality of a counterparty resulting in a financial loss.

Portfolios with approval to use the Internal Ratings based (IRB) approach

ANZ has APRA approval to use the four approaches under the Internal Ratings based approach to credit risk, under APS 113 Capital Adequacy: Internal Ratings-based Approach to Credit Risk.

As an IRB bank, ANZ's internal models generate the inputs into regulatory capital adequacy under the four approaches (see below), to determine the risk weighted exposure calculations for both on and off-balance sheet exposures, including undrawn portions of credit facilities, committed and contingent exposures and expected loss (EL) calculations.

ANZ's internal models are used to generate three key risk components that serve as inputs to the IRB approach to credit risk:

- Probability of Default (PD) is an estimate of the level of the risk of borrower default over a 12-month horizon;
- Exposure at Default (EAD) represents the expected outstanding at the time of default, including an estimate of additional drawings prior to default (based on supervisory credit conversion factors), plus post-default drawings that were legally committed to prior to default; and
- Loss Given Default (LGD) is an estimate of the potential economic loss on a credit exposure, incurred as a consequence of obligor default, expressed as a percentage of the facility's EAD.

Effective maturity (M) is also calculated as an input to the risk weighted exposure calculation for wholesale asset classes.

Internal Rating Based Approaches:

- Foundation IRB (FIRB) - ANZ provide its own estimates of PD and M, and use APRA supervisory estimates for LGD and EAD;
- Advanced IRB (AIRB) - ANZ use its own estimates of PD, LGD (excluding senior unsecured and subordinated corporate exposures) and M, and use APRA supervisory estimates for EAD;
- Retail IRB approach - ANZ use its own estimates of PD, LGD and EAD (excluding non-revolving retail exposures for which ANZ use APRA supervisory EAD estimates); and
- Supervisory slotting approach - ANZ use its own mapping of credit exposures to the supervisory slotting categories, and APRA supervisory risk weights and APRA supervisory estimates for EAD.

Portfolios subject to Standardised Approach to Credit Risk

Exposures are either prescribed the standardised approach, such as Non-standard mortgages and Fixed Assets, or are subject to the standardised approach on the basis ANZ is not approved to use the IRB approach to credit risk.

Where ANZ does not have APRA approval to apply the IRB approach to specific portfolios, ANZ applies the Standardised approach to credit risk, under APS 112 Capital Adequacy: Standardised Approach to Credit Risk. This relates to portfolios where available data does not enable development of advanced internal models for PD, LGD and EAD estimates.

Suncorp Bank is a standardised ADI and calculates Credit Risk Capital per APS 112 Capital Adequacy: Standardised Approach to Credit Risk.

Under the Standardised approach, exposures are mapped to regulatory risk weights, mainly based on the type of counterparty such as: Sovereign, Bank, Corporate and its external rating where the borrower is externally rated.

For these counterparties, external ratings by Standard & Poor's, Moody's Investors Service and Fitch Ratings are used as inputs into the RWA calculation. As described in the section on the ANZ rating system, ANZ has mapped its master scale to the grading of these three External Credit Assessment Institutions (ECAIs).

Exposures secured by property, risk weights are generally driven by Loan to Value Ratios (LVR) after accounting for dependency on property-related cash flow.

ANZ applies its full normal risk measurement and management framework to these segments for internal management purposes. Standardised segments will be migrated to IRB (AIRB or FIRB) if they reach a volume that generates sufficient data for development of advanced internal models.

ANZ also applies the above approach to meeting the requirement that IRB ADIs calculate and disclose RWA under the standardised approach.

Credit risk management framework and policies

ANZ has a comprehensive framework to manage Credit Risk. The framework is top-down, being defined by credit principles and policies. Credit policies, requirements and procedures cover all aspects of the credit life cycle such as (where applicable) transaction structuring, risk grading, initial approval, ongoing management and problem debt management, as well as specialist policy topics.

The effectiveness of the credit risk management framework is assessed through various compliance and monitoring processes. These, together with portfolio selection and risk appetite setting, define and guide the credit process, organisation and staff.

Organisation

The Credit and Market Risk Committee (CMRC) is a senior executive level committee responsible for the oversight and control of credit, market, insurance and material financial risks across the ANZ Group. The Credit Rating System Oversight Committee (CRSOC) supports the CMRC, by providing oversight and control of the internal ratings system for credit risk in the wholesale and retail sectors, including credit model approvals and performance monitoring.

The primary responsibility for prudent and profitable management of credit risk assets and customer relationships rests with the business units. Business units are supported by an independent credit risk management function which is staffed by risk specialists. Independence is achieved by having all credit risk staff ultimately report to the Chief Risk Officer (CRO), even where they are embedded in business units. Risk performs key roles in portfolio management such as approving sector and customer appetite, development and validation of credit risk measurement systems, loan asset quality reporting, sensitivity analysis and stress testing in response to economic scenarios and development of the overall governance framework including credit policies and requirements, and adherence to regulations.

The authority to make credit decisions is delegated by the Board to the CEO who in turn delegates authority to the Group CRO. The Group CRO delegates credit discretion to individuals as part of a 'cascade' of authority from senior to the most junior credit officers via the Credit Approval Discretion (CAD) Framework. Within ANZ's wholesale business, credit approval for material judgemental lending is made on a 'dual approval' basis, jointly by the business writer in the business unit and the respective independent credit risk officer. Individuals must be suitably skilled and accredited to be granted and retain a credit discretion. Credit discretions are reviewed annually and may be varied based on the holder's performance. Credit decisions are subject to Division level hind sighting using a risk-based approach, with material approvals oversighted by the Group CRO, CRO Institutional and the Board Risk Committee

Within ANZ's wholesale business, credit approval for material judgemental lending is made on a 'dual approval' basis, jointly by the business writer in the business unit and the respective independent credit risk officer.

Programmed credit assessment typically covers Retail and some small business lending and refers to the automated assessment of credit applications using a combination of scoring (application and behavioural), policy rules and external credit reporting information. Where an application does not meet the automated assessment criteria it will be referred out for manual assessment.

Suncorp Bank

Credit Risk Authorities that are delegated by the Suncorp Bank Board in the Credit Risk Management Policy (CRMP) to the ANZ Group CRO are, in turn, delegated to the CRO Suncorp Bank to facilitate credit risk management and day to day operations of Suncorp Bank. Authorities delegated by the Suncorp Bank Board in the CRMP to the CEO Suncorp Bank are partially delegated to the CRO Suncorp Bank. The CEO Suncorp Bank is ultimately accountable for the acceptance of credit risk through execution of credit risk authority on behalf of the Bank.

ANZ Group CRO establishes, approves, and oversees all Credit Policies and Underwriting Standards, the Credit Risk Authority Framework (CRAF), the Delegated Credit Authority Framework (DCAF) and the Concentration Risk Management Framework (CRMF). This authority has been delegated to the Chief Risk Officer Suncorp Bank (CRO Suncorp Bank). The CEO Suncorp Bank and ANZ Group CRO delegate credit authorities to suitability accredited employees within the parameters of the CRMP and CRAF.

Portfolio direction and performance

The credit risk management framework contains several portfolio direction and performance tools which enable Risk to play a fundamental role in monitoring the direction and performance of the portfolio. These include:

- Group and divisional level Risk Appetite Strategies, Business Writing Strategies and/or Sector and Product Transaction Guidelines which are prepared by the businesses and set out appetite, planned portfolio growth, capital usage and risk/return profile, and also identify areas that may require attention to mitigate and improve risk management. Risk plays an active role for the review and challenge of appetite settings, industry deep dives and stress testing reports;

- Wholesale portfolio Red/Amber/Green (RAG) ratings for industries and portfolio reviews are re-assessed on a quarterly basis ensuring our view of risks and potential impacts dynamically respond to changing external market conditions; and

- Wholesale portfolio exposure concentration limits, covering single customers, and customer groups with economic interdependence, industries and cross border risk, to maintain a diversified portfolio.

ANZ uses portfolio monitoring and analysis tools, technologies and techniques to assist with portfolio risk assessment and management. These assist in:

- Monitoring, analysing and reporting ANZ's credit risk profile and progress in meeting portfolio objectives;
- Calculating and reporting ANZ's collective provision, economic loss, regulatory Risk Weighted Assets (RWA) and regulatory expected loss;
- Assessing the impact of emerging issues, and conducting ad-hoc investigations and deep dive portfolio reviews;
- Validating rating/scoring tools and credit estimates; and
- Ongoing review and refinement of ANZ's credit risk measurement and policy framework.

Credit Risk Reporting

Credit risk management information systems, reporting and analysis are managed centrally and at the divisional and business unit level.

Periodic reporting provides confirmation of the effectiveness of processes, highlights emerging issues, and allows monitoring of portfolio trends by all levels of management and the Board.

Depending on the portfolio, examples of reports include acquisition quality, EAD, portfolio mix, portfolio vintage performance, risk grade profiles and migrations, RWAs, large exposure reporting, delinquency, credit early alerts, watch and control lists, policy or appetite exceptions, impaired assets and provisions.

Exposure at Default (EAD)

EAD represents the expected outstandings at the time of default, including an estimate of additional drawings prior to default (based on supervisory credit conversion factors), plus post-default drawings that were legally committed to prior to default. Unless otherwise stated, throughout this disclosure EAD is net of offsets for credit risk mitigation such as netting and financial collateral.

Past due facilities

Facilities where a contractual payment has not been met or the customer is outside of contractual arrangements for a material length of time 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.

Impaired assets[9]

A facility for which there is doubt about timely payment of principal, interest and fees being achieved and / or a credit obligation is 90 days or more past due and is not well secured. It includes all problem assets, off-balance sheet exposures (including derivatives) and assets brought to ANZ's balance sheet through the enforcement of security. Impaired derivatives have a credit valuation adjustment, which is a market assessment of the credit risk of the relevant counterparties.

Collectively Assessed Provisions 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) which was applicable to ANZ from 1 October 2018. These incorporate forward looking information and do not require an actual loss event to have occurred for an impairment provision to be recognised.

Under AASB 9, ECL is either measured over 12 months or the expected lifetime of the financial asset, depending on the credit deterioration since origination, according to the following three-stage approach:

- Stage 1: At the origination of a financial asset, and where there has not been a significant increase in credit risk since origination, a provision equivalent to 12 months ECL is recognised. For instruments with a remaining maturity of less than 12 months, a provision calculated on the remaining term of the maturity is recognised.
- Stage 2: Where there has been a significant increase in credit risk (SICR) since origination, a provision equivalent to lifetime ECL is recognised.
- Stage 3: Where there is objective evidence of default or impairment, a provision equivalent to lifetime ECL is recognised.

[9] The definition of Impaired Assets for accounting purposes is a default occurs when there are indicators that a debtor is unlikely to fully satisfy contractual credit obligations to the Group, or the exposure is 90 days past due. Financial assets, including those that are well secured, are considered credit impaired for financial reporting purposes when they are in default.

In determining what constitutes a SICR, ANZ considers both qualitative and quantitative information, including probability of default at origination and at the reporting date.

For wholesale asset classes, ECL is calculated as the product of PD, LGD and EAD at a facility level, discounted for incorporating the effect of time value of money. For retail asset classes, ECL is calculated as the product of PNPL, LGNPL and EANPL, where non-performing loans (NPL) are equivalent to impaired assets. These credit risk factors are adjusted for current and forward-looking information through the use of macro-economic variables in the model.

To determine ECL under IFRS 9, a range of plausible scenarios are considered which are probability weighted. ANZ's economic scenario and probability weighting framework considers 4 economic scenarios: Base Case, Downside, Upside, and Severe to determine a probability weighted ECL outcome. Probability weightings are determined via an expert judgement process that considers:

- ANZ Research's Base Case;
- ANZ Base Case comparisons to historical trends and consensus range; and
- Risks or uncertainties to the Base Case.

Individually Assessed Provisions for Credit Impairment

Individually assessed provisions for credit impairment are calculated in accordance with 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.

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 individually assessed provisions recognised in previous periods have subsequently decreased or are no longer required, such impairment losses are reversed in the current period income statement.

Definition of default

ANZ uses the following definition of default:

- ANZ considers that the customer is unlikely to pay its credit obligations in full, without recourse to actions such as realising security, or
- the customer is greater than or equal to 90 days past due on a credit obligation, or
- the customer's overdraft or other revolving facility(ies) have been continuously outside approved limits for 90 or more consecutive days.

Non-performing facilities

An exposure that is in default.

Specific Provision and provision held against performing exposures

Due to definitional differences, there is a difference in the split between ANZ's individually assessed provision and collectively assessed provision for accounting purposes, and the specific provision and provision 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 from 1 January 2023 present the specific provision balance and charge per the requirements of APS 330, and the individual provision balance and charge for ease of comparison with other published results.

Exposure at Default in Table 7 represents credit exposure net of offsets for credit risk mitigation such as netting and financial collateral where applicable. It includes Advanced IRB, Foundation IRB, Specialised Lending and Standardised exposures, and excludes Securitisation and Equities.

Table 7(b) part (i): Period end and average Exposure at Default [10]

	Sep 24				
Advanced IRB approach	**Risk Weighted Assets $M**	**Exposure at Default $M**	**Average Exposure at Default for half year $M**	**Individual provision charge for half year $M**	**Write-offs for half year $M**
Corporate	62,853	135,855	133,713	3	14
Residential Mortgage	90,924	356,875	351,620	3	11
Retail SME	9,724	17,092	16,860	36	30
Qualifying Revolving Retail	3,235	12,724	12,764	29	46
Other Retail	1,624	1,488	1,529	18	29
Total Advanced IRB approach	**168,360**	**524,034**	**516,486**	**89**	**130**
Foundation IRB approach					
Corporate	33,275	88,161	91,028	(30)	11
Sovereign	11,119	226,985	222,460	-	-
Financial Institution	29,821	108,248	108,253	-	-
Total Foundation IRB approach	**74,215**	**423,394**	**421,741**	**(30)**	**11**
Specialised Lending Exposures Subject to Supervisory Slotting	**4,242**	**5,394**	**4,911**	-	-
Standardised approach					
Corporate	14,699	18,541	12,173	13	8
Sovereign	81	11,794	5,982	-	-
Bank	80	399	200	-	-
Residential Mortgage	21,987	62,608	32,326	(1)	2
Other Retail	219	237	151	(1)	-
Other Assets	4,046	9,292	7,731	-	-
Total Standardised approach	**41,112**	**102,871**	**58,563**	**11**	**10**
Credit Valuation Adjustment and Qualifying Central Counterparties	**3,847**	**8,930**	**8,191**	**-**	**-**
Exposures of New Zealand banking subsidiaries	**66,957**	**195,082**	**195,349**	**36**	**19**
Total	**358,733**	**1,259,705**	**1,205,241**	**106**	**170**

[10] Average Exposure at Default for half year is calculated as the simple average of the balances at the start and the end of each six month period.

Table 7(b) part (i): Period end and average Exposure at Default (continued)

	Mar 24				
Advanced IRB approach	**Risk Weighted Assets $M**	**Exposure at Default $M**	**Average Exposure at Default for half year $M**	**Individual provision charge for half year $M**	**Write-offs for half year $M**
Corporate	60,362	131,572	135,794	(27)	13
Residential Mortgage	101,338	346,366	341,922	6	10
Retail SME	9,538	16,628	16,569	27	30
Qualifying Revolving Retail	3,344	12,804	12,811	26	43
Other Retail	1,664	1,569	1,563	17	25
Total Advanced IRB approach	**176,246**	**508,939**	**508,659**	**49**	**121**
Foundation IRB approach					
Corporate	35,665	93,895	93,622	1	4
Sovereign	10,856	217,936	223,700	-	-
Financial Institution	30,122	108,257	108,368	-	-
Total Foundation IRB approach	**76,643**	**420,088**	**425,690**	**1**	**4**
Specialised Lending Exposures Subject to Supervisory Slotting	**3,579**	**4,427**	**4,223**	-	-
Standardised approach					
Corporate	5,102	5,805	6,116	(14)	2
Sovereign	171	171	168	-	-
Residential Mortgage	1,853	2,044	2,157	-	1
Other Retail	92	65	48	(1)	-
Other Assets	3,790	6,170	6,045	-	-
Total Standardised approach	**11,008**	**14,255**	**14,534**	**(15)**	**3**
Credit Valuation Adjustment and Qualifying Central Counterparties	**5,304**	**7,451**	**7,243**	-	-
Exposures of New Zealand banking subsidiaries	**73,186**	**195,617**	**196,410**	**3**	**18**
Total	**345,966**	**1,150,777**	**1,156,759**	**38**	**146**

Table 7(b) part (i): Period end and average Exposure at Default (continued)

	Sep 23				
Advanced IRB approach	**Risk Weighted Assets $M**	**Exposure at Default $M**	**Average Exposure at Default for half year $M**	**Individual provision charge for half year $M**	**Write-offs for half year $M**
Corporate	62,668	140,016	136,576	7	10
Residential Mortgage	96,290	337,478	331,073	10	12
Retail SME	9,684	16,510	16,754	25	48
Qualifying Revolving Retail	3,243	12,817	12,957	26	43
Other Retail	1,644	1,557	1,588	11	34
Total Advanced IRB approach	**173,529**	**508,378**	**498,948**	**79**	**147**
Foundation IRB approach					
Corporate	34,819	93,349	97,242	17	-
Sovereign	10,252	229,463	250,808	-	-
Financial Institution	30,875	108,478	108,886	(1)	-
Total Foundation IRB approach	**75,946**	**431,290**	**456,936**	**16**	**-**
Specialised Lending Exposures Subject to Supervisory Slotting	**3,369**	**4,019**	**4,169**	**-**	**-**
Standardised approach					
Corporate	5,611	6,428	5,978	(10)	4
Sovereign	165	165	126	-	-
Residential Mortgage	2,065	2,269	2,140	1	2
Other Retail	44	32	28	2	6
Other Assets	3,255	5,920	6,900	-	-
Total Standardised approach	**11,140**	**14,814**	**15,172**	**(7)**	**12**
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**	**35**	**65**
Total	**346,646**	**1,162,740**	**1,178,098**	**123**	**224**

Table 7(b) part (ii): Exposure at Default by portfolio type[11]

Portfolio Type	Sep 24 $M	Mar 24 $M	Sep 23 $M	Average for half year Sep 24 $M
Cash	109,212	109,076	137,316	109,144
Contingent liabilities, commitments, and other off-balance sheet exposures	165,573	161,512	171,361	163,543
Derivatives	46,990	47,653	46,577	47,322
Settlement Balances	797	5	15	401
Investment Securities	137,113	114,318	93,560	125,715
Net Loans, Advances & Acceptances	774,442	692,447	684,917	733,445
Other assets	7,665	9,684	9,589	8,674
Trading Securities	17,913	16,082	19,405	16,997
Total exposures	**1,259,705**	**1,150,777**	**1,162,740**	**1,205,241**

[11] Average for half year is calculated as the simple average of the balances at the start and the end of each six month period.

Table 7(c): Geographic distribution of Exposure at Default

	Sep 24			
Portfolio Type	**Australia $M**	**New Zealand $M**	**Asia Pacific, Europe and Americas $M**	**Total $M**
Corporate	183,262	-	59,295	**242,557**
Sovereign	123,353	-	115,426	**238,779**
Bank	399	-	-	**399**
Financial Institution	39,264	-	68,984	**108,248**
Residential Mortgage	418,794	273	416	**419,483**
Retail SME	17,092	-	-	**17,092**
Qualifying Revolving Retail	12,724	-	-	**12,724**
Other Retail	1,717	-	8	**1,725**
Qualifying Central Counterparties	1,317	-	7,613	**8,930**
Specialised Lending	3,349	-	2,045	**5,394**
Other assets	8,585	-	707	**9,292**
Exposures of New Zealand banking subsidiaries	-	195,082	-	**195,082**
Total exposures	**809,856**	**195,355**	**254,494**	**1,259,705**

	Mar 24			
Portfolio Type	**Australia $M**	**New Zealand $M**	**Asia Pacific, Europe and Americas $M**	**Total $M**
Corporate	168,798	-	62,474	**231,272**
Sovereign	122,390	-	95,717	**218,107**
Financial Institution	38,882	-	69,375	**108,257**
Residential Mortgage	347,735	255	420	**348,410**
Retail SME	16,627	1	-	**16,628**
Qualifying Revolving Retail	12,804	-	-	**12,804**
Other Retail	1,624	-	10	**1,634**
Qualifying Central Counterparties	1,027	-	6,424	**7,451**
Specialised Lending	3,398	-	1,029	**4,427**
Other assets	5,705	-	465	**6,170**
Exposures of New Zealand banking subsidiaries	-	195,617	-	**195,617**
Total exposures	**718,990**	**195,873**	**235,914**	**1,150,777**

Table 7(c): Geographic distribution of Exposure at Default (continued)

	Sep 23			
	Australia	New Zealand	Asia Pacific, Europe and Americas	Total
Portfolio Type	$M	$M	$M	$M
Corporate	167,329	-	72,464	**239,793**
Sovereign	113,504	-	116,124	**229,628**
Financial Institution	38,004	-	70,474	**108,478**
Residential Mortgage	339,042	286	419	**339,747**
Retail SME	16,509	1	-	**16,510**
Qualifying Revolving Retail	12,817	-	-	**12,817**
Other Retail	1,580	-	9	**1,589**
Qualifying Central Counterparties	1,251	-	5,784	**7,035**
Specialised Lending	3,391	-	628	**4,019**
Other assets	5,470	-	450	**5,920**
Exposures of New Zealand banking subsidiaries	-	197,204	-	**197,204**
Total exposures	**698,897**	**197,491**	**266,352**	**1,162,740**

Table 7(d): Industry distribution of Exposure at Default [12]

	Sep 24														
Portfolio Type	**Agriculture, Forestry, Fishing & Mining $M**	**Business & Property Services $M**	**Construction $M**	**Electricity, Gas & Water Supply $M**	**Entertainment, Leisure & Tourism $M**	**Financial, Investment & Insurance $M**	**Government and Official Institutions $M**	**Manufacturing $M**	**Personal $M**	**Commercial Property $M**	**Wholesale Trade $M**	**Retail Trade $M**	**Transport & Storage $M**	**Other $M**	**Total $M**
Corporate	32,489	14,113	5,989	11,294	13,023	5,729	17	37,058	33	60,172	18,982	11,443	14,605	17,610	**242,557**
Sovereign	282	-	138	668	-	138,490	95,859	2,627	-	329	-	-	247	139	**238,779**
Bank	-	-	-	-	-	399	-	-	-	-	-	-	-	-	**399**
Financial Institutions	137	68	118	15	16	107,206	-	418	-	7	189	21	33	20	**108,248**
Residential Mortgage	-	-	-	-	-	-	-	-	419,483	-	-	-	-	-	**419,483**
Retail SME	1,062	2,499	2,307	38	1,297	461	8	1,121	1	500	905	2,287	655	3,951	**17,092**
Qualifying Revolving Retail	-	-	-	-	-	-	-	-	12,724	-	-	-	-	-	**12,724**
Other Retail	-	-	-	-	-	-	-	-	1,725	-	-	-	-	-	**1,725**
Other Assets	-	3	-	-	-	245	-	-	-	-	-	2	-	9,042	**9,292**
Qualifying Central Counterparties	-	-	-	-	-	8,898	-	-	-	-	-	-	-	32	**8,930**
Specialised Lending subject to supervisory slotting	1,539	-	-	2,769	452	-	-	108	-	90	-	-	381	55	**5,394**
Exposures of New Zealand banking subsidiaries	15,746	3,251	1,404	1,930	1,788	19,908	11,164	3,745	115,439	10,564	2,579	1,750	1,497	4,317	**195,082**
Total exposures	**51,255**	**19,934**	**9,956**	**16,714**	**16,576**	**281,336**	**107,048**	**45,077**	**549,405**	**71,662**	**22,655**	**15,503**	**17,418**	**35,166**	**1,259,705**
% of Total	***4.1%***	***1.6%***	***0.8%***	***1.3%***	***1.3%***	***22.3%***	***8.5%***	***3.6%***	***43.6%***	***5.7%***	***1.8%***	***1.2%***	***1.4%***	***2.8%***	***100.0%***

[12] Other industry includes Health & Community Services, Education, Communication Services and Personal & Other Services.

Table 7(d): Industry distribution of Exposure at Default (continued)

	Mar 24														
Portfolio Type	Agriculture, Forestry, Fishing & Mining $M	Business & Property Services $M	Construction $M	Electricity, Gas & Water Supply $M	Entertainment, Leisure & Tourism $M	Financial, Investment & Insurance $M	Government and Official Institutions $M	Manufacturing $M	Personal $M	Commercial Property $M	Wholesale Trade $M	Retail Trade $M	Transport & Storage $M	Other $M	Total $M
Corporate	27,762	14,026	5,124	11,028	12,464	5,573	14	38,768	28	54,483	18,883	12,088	14,382	16,649	**231,272**
Sovereign	320	-	142	684	-	138,844	74,934	2,620	-	73	-	-	385	105	**218,107**
Financial Institutions	226	112	87	15	27	106,833	-	409	-	82	331	44	42	49	**108,257**
Residential Mortgage	-	-	-	-	-	-	-	-	348,410	-	-	-	-	-	**348,410**
Retail SME	984	2,398	2,239	35	1,280	425	9	1,071	154	314	868	2,277	673	3,901	**16,628**
Qualifying Revolving Retail	-	-	-	-	-	-	-	-	12,804	-	-	-	-	-	**12,804**
Other Retail	-	-	-	-	-	-	-	-	1,634	-	-	-	-	-	**1,634**
Other Assets	-	4	-	-	-	12	-	-	-	20	-	2	-	6,132	**6,170**
Qualifying Central Counterparties	-	-	-	-	-	7,451	-	-	-	-	-	-	-	-	**7,451**
Specialised Lending subject to supervisory slotting	1,750	-	-	1,697	380	-	-	138	-	30	-	-	374	58	**4,427**
Exposures of New Zealand banking subsidiaries	15,815	2,851	1,376	1,872	1,757	23,069	9,637	3,989	113,804	11,167	2,840	1,863	1,425	4,152	**195,617**
Total exposures	**46,857**	**19,391**	**8,968**	**15,331**	**15,908**	**282,207**	**84,594**	**46,995**	**476,834**	**66,169**	**22,922**	**16,274**	**17,281**	**31,046**	**1,150,777**
% of Total	**4.1%**	**1.7%**	**0.8%**	**1.3%**	**1.4%**	**24.5%**	**7.4%**	**4.1%**	**41.4%**	**5.7%**	**2.0%**	**1.4%**	**1.5%**	**2.7%**	**100%**

Table 7(d): Industry distribution of Exposure at Default (continued)

	Sep 23															
Portfolio Type	**Agriculture, Forestry, Fishing & Mining $M**	**Business & Property Services $M**	**Construction $M**	**Electricity, Gas & Water Supply $M**	**Entertainment, Leisure & Tourism $M**	**Financial, Investment & Insurance $M**	**Government and Official Institutions $M**	**Manufacturing $M**	**Personal $M**	**Commercial Property $M**	**Wholesale Trade $M**	**Retail Trade $M**	**Transport & Storage $M**	**Other $M**	**Total $M**
Corporate	27,647	13,780	4,922	11,591	13,021	5,716	15	43,340	40	52,986	19,783	13,151	15,475	18,326	**239,793**
Sovereign	366	1	31	594	-	163,230	61,768	2,514	-	226	1	-	768	129	**229,628**
Financial Institutions	268	112	78	15	94	106,880	-	478	-	102	268	61	54	68	**108,478**
Residential Mortgage	-	-	-	-	-	-	-	-	339,747	-	-	-	-	-	**339,747**
Retail SME	1,022	2,360	2,245	38	1,267	428	9	1,076	261	167	863	2,293	719	3,762	**16,510**
Qualifying Revolving Retail	-	-	-	-	-	-	-	-	12,817	-	-	-	-	-	**12,817**
Other Retail	-	-	-	-	-	-	-	-	1,589	-	-	-	-	-	**1,589**
Other Assets	-	-	-	-	-	522	-	-	-	20	-	-	-	5,378	**5,920**
Qualifying Central Counterparties	-	-	-	-	-	7,035	-	-	-	-	-	-	-	-	**7,035**
Specialised Lending subject to supervisory slotting	1,651	-	-	1,582	224	-	-	-	-	-	-	-	501	61	**4,019**
Exposures of New Zealand banking subsidiaries	16,239	2,859	1,384	1,942	1,831	23,668	9,527	3,964	113,580	11,825	2,850	1,854	1,461	4,220	**197,204**
Total exposures	**47,193**	**19,112**	**8,660**	**15,762**	**16,437**	**307,479**	**71,319**	**51,372**	**468,034**	**65,326**	**23,765**	**17,359**	**18,978**	**31,944**	**1,162,740**
% of Total	**4.1%**	**1.6%**	**0.7%**	**1.4%**	**1.4%**	**26.4%**	**6.1%**	**4.4%**	**40.3%**	**5.6%**	**2.0%**	**1.5%**	**1.6%**	**2.7%**	**100.0%**

Table 7(e): Residual contractual maturity of Exposure at Default[13]

Sep 24					
Portfolio Type	**< 12 mths $M**	**1 - 5 years $M**	**> 5 years $M**	**No Maturity Specified $M**	**Total $M**
Corporate	100,594	126,452	14,780	731	**242,557**
Sovereign	135,731	46,068	56,980	-	**238,779**
Bank	21	169	-	209	**399**
Financial Institution	72,061	34,485	1,702	-	**108,248**
Residential Mortgage	362	665	408,644	9,812	**419,483**
Retail SME	3,476	1,894	11,722	-	**17,092**
Qualifying Revolving Retail	-	-	-	12,724	**12,724**
Other Retail	252	89	1,356	28	**1,725**
Other Assets	-	-	-	9,292	**9,292**
QCCP	5,754	1,329	676	1,171	**8,930**
Specialised Lending subject to supervisory slotting	597	3,488	1,309	-	**5,394**
Exposures of New Zealand banking subsidiaries	38,814	38,906	106,223	11,139	**195,082**
Total exposures	**357,662**	**253,545**	**603,392**	**45,106**	**1,259,705**

Mar 24					
Portfolio Type	**< 12 mths $M**	**1 - 5 years $M**	**> 5 years $M**	**No Maturity Specified $M**	**Total $M**
Corporate	98,075	119,617	13,578	2	**231,272**
Sovereign	138,262	29,657	50,188	-	**218,107**
Financial Institution	68,770	37,897	1,590	-	**108,257**
Residential Mortgage	173	248	338,513	9,476	**348,410**
Retail SME	3,449	1,912	11,267	-	**16,628**
Qualifying Revolving Retail	-	-	-	12,804	**12,804**
Other Retail	312	5	1,317	-	**1,634**
Other Assets	-	-	-	6,170	**6,170**
QCCP	4,983	1,255	526	687	**7,451**
Specialised Lending subject to supervisory slotting	355	3,012	1,060	-	**4,427**
Exposures of New Zealand banking subsidiaries	40,972	39,977	103,772	10,896	**195,617**
Total exposures	**355,351**	**233,580**	**521,811**	**40,035**	**1,150,777**

Sep 23					
Portfolio Type	**< 12 mths $M**	**1 - 5 years $M**	**> 5 years $M**	**No Maturity Specified $M**	**Total $M**
Corporate	99,796	125,414	14,581	2	**239,793**
Sovereign	162,735	26,914	39,979	-	**229,628**
Financial Institution	68,717	38,555	1,206	-	**108,478**
Residential Mortgage	190	229	329,100	10,228	**339,747**
Retail SME	3,526	2,179	10,805	-	**16,510**
Qualifying Revolving Retail	-	-	-	12,817	**12,817**
Other Retail	317	11	1,261	-	**1,589**
Other Assets	-	-	-	5,920	**5,920**
QCCP	4,639	1,138	644	614	**7,035**
Specialised Lending subject to supervisory slotting	660	2,220	1,139	-	**4,019**
Exposures of New Zealand banking subsidiaries	43,651	39,771	102,965	10,817	**197,204**
Total exposures	**384,231**	**236,431**	**501,680**	**40,398**	**1,162,740**

[13] No Maturity Specified predominately includes credit cards and residential mortgage equity manager accounts.

Table 7(f) part (i): Non-performing facilities, Provisions and Write-offs by Industry sector

	Sep 24						
	Non-performing facilities			Individual provisioned facilities			
	Exposure	Specific provision balance	Specific provision charge for half year	Exposure	Individual provision Balance	Individual provision charge for half year	Write-offs for half year
Industry Sector	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
Agriculture, Forestry, Fishing & Mining	528	82	32	150	45	18	13
Business & Property Services	130	47	7	41	31	10	-
Commercial Property	532	48	(4)	134	10	(6)	1
Construction	145	35	5	36	16	3	3
Electricity, gas & water supply	2	2	-	2	2	-	-
Entertainment Leisure & Tourism	346	36	21	67	11	11	10
Financial, Investment & Insurance	29	14	-	14	12	-	-
Government & Official Institutions	-	-	-	-	-	-	-
Manufacturing	209	44	16	68	25	12	3
Personal	4,964	355	76	224	85	66	104
Retail Trade	189	50	(7)	60	31	(9)	3
Transport & Storage	71	13	5	40	10	6	3
Wholesale Trade	81	13	(1)	23	7	(0)	19
Other	254	39	(3)	48	23	(5)	11
Total	**7,480**	**778**	**147**	**907**	**308**	**106**	**170**

	Mar 24						
	Non-performing facilities			Individual provisioned facilities			
	Exposure	Specific provision balance	Specific provision charge for half year	Exposure	Individual provision Balance	Individual provision charge for half year	Write-offs for half year
Industry Sector	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
Agriculture, Forestry, Fishing & Mining	314	62	2	115	40	2	1
Business & Property Services	145	42	12	39	23	5	9
Commercial Property	528	58	32	208	21	7	1
Construction	130	36	-	28	17	(1)	9
Electricity, gas & water supply	5	2	-	2	1	-	-
Entertainment Leisure & Tourism	311	24	(5)	45	8	(6)	3
Financial, Investment & Insurance	31	13	(20)	14	11	(20)	-
Government & Official Institutions	-	-	-	-	-	-	-
Manufacturing	145	34	8	30	18	2	6
Personal	3,812	338	93	196	84	60	97
Retail Trade	156	58	2	76	41	4	6
Transport & Storage	48	12	-	11	8	-	2
Wholesale Trade	90	29	2	38	24	3	3
Other	298	40	(18)	127	29	(18)	9
Total	**6,013**	**748**	**108**	**929**	**325**	**38**	**146**

Table 7(f) part (i): Non-performing facilities, Provisions and Write-offs by Industry sector (continued)

	Sep 23						
	Non-performing facilities			Individual provisioned facilities			
	Exposure	Specific provision balance	Specific provision charge for half year	Exposure	Individual provision Balance	Individual provision charge for half year	Write-offs for half year
Industry Sector	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
Agriculture, Forestry, Fishing & Mining	342	65	8	92	44	9	5
Business & Property Services	99	32	1	34	19	4	7
Commercial Property	345	33	22	232	19	14	38
Construction	128	47	(2)	43	29	-	7
Electricity, gas & water supply	5	2	-	2	1	-	-
Entertainment Leisure & Tourism	185	33	-	56	18	10	13
Financial, Investment & Insurance	16	6	-	7	4	-	11
Government & Official Institutions	-	-	-	-	-	-	-
Manufacturing	109	32	7	41	22	6	6
Personal	3,099	310	40	197	92	59	113
Retail Trade	176	60	27	79	40	23	10
Transport & Storage	53	17	(7)	26	13	(1)	6
Wholesale Trade	70	30	(3)	35	24	(3)	3
Other	394	63	-	240	51	2	5
Total	**5,021**	**730**	**93**	**1,084**	**376**	**123**	**224**

Table 7(f) part (ii): Non-Performing Facilities, Provisions and Write-offs[14]

	Sep 24						
	Non-performing exposures			Individually provisioned exposures			
	Exposure	Specific provision balance	Specific provision charge for half year	Exposure	Individual provision balance	Individual provision charge for half year	Write-offs for half year
Advanced IRB approach	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
Corporate	945	155	40	151	57	3	14
Residential Mortgage	3,520	187	18	135	35	3	11
Retail SME	465	139	44	119	83	36	30
Qualifying Revolving Retail	36	28	29	-	-	29	46
Other Retail	42	44	21	21	20	18	29
Total Advanced IRB approach	**5,008**	**553**	**152**	**426**	**195**	**89**	**130**
Foundation IRB approach							
Corporate	30	14	(31)	29	14	(30)	11
Sovereign	-	-	-	-	-	-	-
Financial Institution	1	-	-	1	-	-	-
Total Foundation IRB approach	**31**	**14**	**(31)**	**30**	**14**	**(30)**	**11**
Specialised Lending Subject to Supervisory Slotting	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Standardised approach							
Corporate	266	35	9	107	30	13	8
Residential Mortgage	652	14	1	20	5	(1)	2
Other Retail	34	2	(1)	5	2	(1)	-
Total Standardised approach	**952**	**51**	**9**	**132**	**37**	**11**	**10**
Exposures of New Zealand banking subsidiaries	**1,489**	**160**	**17**	**319**	**62**	**36**	**19**
Total	**7,480**	**778**	**147**	**907**	**308**	**106**	**170**

[14] ANZ may recognise IPRE under the Specialised Lending asset class as eligible collateral where:

- Losses from lower risk IPRE lending are less than 0.3% of total IPRE exposures in each of the past three years.
- Losses from total IPRE lending are less than 0.5% of total IPRE exposures in each of the past three years.

	Losses from lower risk IPRE lending			Losses from total IPRE lending		
	Sep-22	**Sep-23**	**Sep-24**	**Sep-22**	**Sep-23**	**Sep-24**
Individual provision charge (losses)	$0.0m	$0.0m	$0.0m	$14.8m	$25.0m	$1.0m
As % of total IPRE Exposure	0.0%	0.0%	0.0%	0.03%	0.05%	0.003%

Table 7(f) part (ii): Non-Performing Facilities, Provisions and Write-offs (continued)

Mar 24	Non-performing exposures			Individually provisioned exposures			
	Exposure	Specific provision balance	Specific provision charge for half year	Exposure	Individual provision balance	Individual provision charge for half year	Write-offs for half year
Advanced IRB approach	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
Corporate	593	129	(23)	169	67	(27)	13
Residential Mortgage	3,023	176	24	118	40	6	10
Retail SME	430	115	33	104	67	27	30
Qualifying Revolving Retail	35	28	28	-	-	26	43
Other Retail	45	42	20	22	21	17	25
Total Advanced IRB approach	**4,126**	**490**	**82**	**413**	**195**	**49**	**121**
Foundation IRB approach							
Corporate	223	51	1	221	51	1	4
Sovereign	-	-	-	-	-	-	-
Financial Institution	6	1	-	1	1	-	-
Total Foundation IRB approach	**229**	**52**	**1**	**222**	**52**	**1**	**4**
Specialised Lending Subject to Supervisory Slotting	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Standardised approach							
Corporate	88	33	(19)	34	24	(14)	2
Residential Mortgage	69	11	-	14	8	-	1
Other Retail	6	1	(1)	5	1	(1)	-
Total Standardised approach	**163**	**45**	**(20)**	**53**	**33**	**(15)**	**3**
Exposures of New Zealand banking subsidiaries	**1,495**	**161**	**45**	**241**	**45**	**3**	**18**
Total	**6,013**	**748**	**108**	**929**	**325**	**38**	**146**

Sep 23	Non-performing exposures			Individually provisioned exposures			
	Exposure	Specific provision balance	Specific provision charge for half year	Exposure	Individual provision balance	Individual provision charge for half year	Write-offs for half year
Advanced IRB approach	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
Corporate	640	161	4	281	101	7	10
Residential Mortgage	2,363	160	(7)	119	43	10	12
Retail SME	385	102	20	95	61	25	48
Qualifying Revolving Retail	34	27	26	-	-	26	43
Other Retail	41	38	10	22	20	11	34
Total Advanced IRB approach	**3,463**	**488**	**53**	**517**	**225**	**79**	**147**
Foundation IRB approach							
Corporate	242	50	17	232	50	17	-
Sovereign	-	-	-	-	-	-	-
Financial Institution	4	1	(2)	2	1	(1)	-
Total Foundation IRB approach	**246**	**51**	**15**	**234**	**51**	**16**	**-**
Specialised Lending Subject to Supervisory Slotting	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Standardised approach							
Corporate	127	43	(21)	41	30	(10)	4
Residential Mortgage	81	11	2	15	9	1	2
Other Retail	6	1	2	6	1	2	6
Total Standardised approach	**214**	**55**	**(17)**	**62**	**40**	**(7)**	**12**
Exposures of New Zealand banking subsidiaries	**1,098**	**136**	**42**	**271**	**60**	**35**	**65**
Total	**5,021**	**730**	**93**	**1,084**	**376**	**123**	**224**

Table 7(g): Non-performing and Provisions[15] by Geography

	Sep 24		
Geographic region	**Non-Performing facilities $M**	**Individual provision balance $M**	**Collective provision balance $M**
Australia	5,839	195	2,983
New Zealand	1,493	62	730
Asia Pacific, Europe and America	148	51	534
Total	**7,480**	**308**	**4,247**

	Mar 24		
Geographic region	**Non-Performing facilities $M**	**Individual provision balance $M**	**Collective provision balance $M**
Australia	4,375	228	2,726
New Zealand	1,500	45	754
Asia Pacific, Europe and America	138	52	566
Total	**6,013**	**325**	**4,046**

	Sep 23		
Geographic region	**Non-Performing facilities $M**	**Individual provision balance $M**	**Collective provision balance $M**
Australia	3,739	259	2,693
New Zealand	1,101	60	738
Asia Pacific, Europe and America	181	57	601
Total	**5,021**	**376**	**4,032**

[15] 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 7(h): Provision for Credit Impairment

Collectively Assessed Provision	Half year Sep 24 $M	Half year Mar 24 $M	Half year Sep 23 $M
Balance at start of period	4,046	4,032	4,040
Charge/(Release) to Income Statement	230	32	(11)
Adjustment for exchange rate fluctuations and transfers	(29)	(18)	3
Total Collectively Assessed Provision	**4,247**	**4,046**	**4,032**
Individually Assessed Provision			
Balance at start of period	325	376	421
New and increased provisions	264	201	239
Write-backs	(99)	(85)	(50)
Adjustment for exchange rate fluctuations and transfers	(2)	(3)	-
Discount unwind	(10)	(18)	(10)
Bad debts written off	(170)	(146)	(224)
Total Individually Assessed Provision	**308**	**325**	**376**
Total Provisions for Credit Impairment	**4,555**	**4,371**	**4,408**

Table 7(j): Specific Provision Balance and Provisions held against performing exposures[16]

Sep 24

	Specific Provision Balance $M	General Reserve for Credit Losses $M	Total $M
Collectively Assessed Provision	470	3,777	4,247
Individually Assessed Provision	308	-	308
Total Provision for Credit Impairment	**778**	**3,777**	**4,555**

Mar 24

	Specific Provision Balance $M	General Reserve for Credit Losses $M	Total $M
Collectively Assessed Provision	423	3,623	4,046
Individually Assessed Provision	325	-	325
Total Provision for Credit Impairment	**748**	**3,623**	**4,371**

Sep 23

	Specific Provision Balance $M	General Reserve for Credit Losses $M	Total $M
Collectively Assessed Provision	354	3,678	4,032
Individually Assessed Provision	376	-	376
Total Provision for Credit Impairment	**730**	**3,678**	**4,408**

[16] 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 8 **Credit risk – Disclosures for portfolios subject to the Standardised approach and supervisory risk weights in the IRB approach**

Table 8(b): Exposure at Default by risk bucket[17]

Standardised approach exposures	Sep 24 $M	Mar 24 $M	Sep 23 $M
0%	11,713	-	-
20%	10,880	96	213
30%	22,768	74	73
50%	25,085	283	288
60%	6,235	357	352
70%	5,061	1,394	1,460
75%	733	3	-
85%	4,469	913	1,138
90%	1,368	192	21
100%	2,452	4,479	5,074
110%	1,689	66	76
150%	1,126	228	199
>150%	-	-	-
Capital deductions	-	-	-
Total	**93,579**	**8,085**	**8,894**
Other Asset exposures			
0%	5,318	2,470	2,739
20%	26	-	-
35%	-	-	-
50%	-	-	-
75%	-	-	-
100%	3,882	3,627	3,119
150%	22	26	20
>150%	44	47	42
Capital deductions	-	-	-
Total	**9,292**	**6,170**	**5,920**
Specialised Lending exposures			
0%	-	-	-
70%	3,540	2,601	2,128
90%	1,443	1,458	1,254
110%	130	170	286
115%	281	175	327
250%	-	23	24
Total	**5,394**	**4,427**	**4,019**

[17] Table 8(b) shows exposure at default after credit risk mitigation in each risk category.

Table 9 Credit risk – Disclosures for portfolios subject to IRB approaches

Portfolios subject to the Advanced IRB (AIRB) and Foundation IRB (FIRB) approach

The following table summarises the types of borrowers and the rating approach adopted within each of ANZ's IRB portfolios:

IRB Asset Class	Borrower Type	Rating Approach
Corporate	Corporations, partnerships or proprietorships that do not fit into any other asset class. Income Producing Real Estate	AIRB or FIRB where annual revenue > $750m
Sovereign	Central governments Central banks Certain multilateral development banks	FIRB
Residential Mortgages	Exposures secured by residential property	AIRB
Qualifying Revolving Retail	Australian consumer credit cards <$100,000 limit	AIRB
Other Retail	Other lending to consumers	AIRB
Specialised Lending subject to supervisory slotting	Project finance Object finance	IRB – Supervisory Slotting
Retail SME	Small business lending	AIRB
Financial Institutions	Banks, securities firms, insurance companies and leveraged funds	FIRB
Exposures of New Zealand banking subsidiaries	Includes all exposures in all asset classes for New Zealand banking subsidiaries. Reported within all pre-January 2023 asset classes as per APS 113.	AIRB and Supervisory Slotting
Other Assets	All other assets not falling into the above classes e.g. margin lending, fixed assets	Standardised

In addition, where ANZ is not accredited to use the IRB based approach to credit risk, ANZ applies the Standardised approach to credit risk as detailed on page 25.

On 31 July 2024 ANZ added Suncorp Bank to the ANZ Banking Group. Suncorp Bank is a standardised ADI with Credit RWA calculated based on APS 112 Standardised Approach to Credit Risk and as such will not be reflected in the below for IRB specific disclosure tables.

The ANZ rating system

As an IRB bank, ANZ's internal models generate the inputs into regulatory capital adequacy to determine the risk weighted exposure calculations for both on- and off-balance sheet exposures, including undrawn portions of credit facilities, committed and contingent exposures and expected loss (EL) calculations. ANZ's internal models are used to generate the three key risk components that serve as inputs to the IRB approach to credit risk:

- PD is an estimate of the level of the risk of borrower default over a 12-month horizon. Borrower ratings are derived by way of rating models used both at loan origination and for ongoing monitoring.
- EAD represents the expected outstanding at the time of default, including an estimate of additional drawings prior to default (based on supervisory credit conversion factors), plus post-default drawings that were legally committed to prior to default.
- LGD is an estimate of the potential economic loss on a credit exposure, incurred as a consequence of customer default, expressed as a percentage of the facility's EAD.

Effective maturity (M) is also calculated as an input to the risk weighted exposure calculation for Financial Institution, Sovereign and Corporate IRB asset classes.

For wholesale asset classes, ANZ's rating system has two separate and distinct dimensions that:

- Measure the PD, which is expressed by the Customer Credit Rating (CCR), reflecting the ability to service and repay debt. In determining the CCR, ANZ's rating system considers a range of qualitative and quantitative factors based on the customer's current financial performance, as well as business attributes and market insights.
- Measure the LGD as expressed by the Security Indicator (SI) ranging from A to G. The SI is calculated by reference to the percentage of a loan covered by security which can be realised in the event of default. This calculation uses standard ratios to adjust the current market value of collateral items to allow for historical realisation outcomes. The security-related SIs are supplemented with a range of other SIs which cover such factors as Cash cover (K), Subordinated debt (M), Intra-group guarantees (I) and Sovereign (S). ANZ's LGD also includes recognition of the different legal and insolvency regimes in different countries, where this has been shown to influence recovery outcomes.

ANZ's corporate PD master scale is APRA approved and is made up of 27 rating grades. Each level/grade is separately defined and has a range of default probabilities attached to it. The PD master scale enables ANZ's rating system to be mapped to the grading's of external rating agencies, using the PD as a common element after ensuring that default definitions and other key attributes are aligned.

The following table demonstrates this alignment (for one-year PDs):

ANZ CCR	Moody's	Standard & Poor's	PD Range
0+ to 1-	Aaa to Aa3	AAA to AA-	0.0000 - 0.0346%
2+ to 3+	A1 to Baa1	A+ to BBB+	0.0347 - 0.1636%
3= to 4+	Baa2 to Baa3	BBB to BBB-	0.1637 - 0.4004%
4= to 6=	Ba1 to B1	BB+ to B+	0.4005 – 2.7550%
6- to 7=	B2 to B3	B to B-	2.7551 – 9.7980%
7- to 8+	Caa1 to Caa3	CCC+ to CCC-	9.7981 – 27.1109%
8=	Ca to C	CC to C	27.1110 – 99.9999%
8-, 9 and 10	Default	Default	100%

In the retail asset classes, most facilities utilise credit rating scores. The scores are calibrated to PDs, and used to allocate exposures to homogenous pools, along with LGD and EAD.

Use of internal estimates other than for regulatory capital purposes

ANZ's rating system is a fundamental part of credit management and plays a key role in:

- Lending discretions,
- Minimum origination standards,
- Concentration limits,
- Portfolio reporting,
- Customer profitability measurement,
- Collectively assessed provision measurement,
- Management of deteriorating customers (where certain CCR/SI combinations trigger increasing scrutiny), and
- Pricing decisions.

For the wholesale asset class, PD, LGD, M and EAD are used in the calculation of capital and in the collectively assessed provisioning process. For the retail asset class, PD, LGD and EAD are used in the calculation of capital, and PNPL, EANPL and LGNPL are used in the collectively assessed provisioning process. Regulatory and internal expected loss are calculated from the same data sources and starting from the same basis, however there are some differences between the factors used because several aspects of ANZ's rating system are adjusted in accordance with APRA requirements for regulatory capital purposes. The most significant of these adjustments are the use for regulatory capital purposes of downturn LGDs; the application of regulatory prescribed scalars such as the mortgages scalars of 1.4, 1.7 and 2.5 and the mandatory use of the supervisory slotting approach for project finance.

Controls surrounding the ratings system

ANZ's rating system and credit risk estimates are governed by the Board Risk Committee and several executive management committees and are underpinned by a comprehensive framework of controls that operate throughout ANZ. All policies, methodologies, model designs, model reviews, validations, responsibilities, systems and processes supporting the ratings systems are documented, and subject to review by Internal Audit.

The design, build and implementation of credit rating models resides with a specialist Group-level team. Credit rating models are owned by central Risk teams. The use (including rating overrides) and performance of credit rating models is monitored by the relevant business and their counterparts in Risk and validated regularly by a separate specialist Group-level function. This cycle of design, build, implementation, monitoring and validation is overseen by the CRSOC, and informs the need for new models or recalibration of existing models.

Internal Audit provides third line independent credit-related assurance activities, including providing an independent assessment of both the asset quality in the portfolio and the quality of credit decision making. It also assesses management controls from a "top down" portfolio oversight perspective as well as credit risk processes from a "bottom up" perspective based on individual customer file reviews.

Risk grades are an integral part of reporting to the Board and executives.

In addition, the use of the rating system's outputs in key business unit performance measures in processes such as provisioning and the allocation of capital ensure that the rating system receives robust input from the business units, not just the specialist modelling teams.

Rating process by asset class

Building reliable and accurate rating tools requires balancing of many factors including data availability (external data may be used in some circumstances, where it is relevant), the size of the segment (the more customers within the segment, the more likely that statistically reliable models can be built), and the need to be able to validate the model. Rating tool approaches include:

- Statistical models producing a PD or an LGD, which are developed from internal or external data on defaults.
- Statistical models producing an internal rating, which involve calibrating ANZ's models to external rating data where data on defaults is insufficient for statistical purposes (such as Banks).
- Hybrid statistical and expert models producing an internal rating, which use a mixture of default data and expert input.
- Expert models/processes that produce an internal rating, including external rating agency replication models.
- Ongoing data collection and testing processes ensure enhanced or new models are introduced as required to maintain and improve the accuracy and reliability of rating processes.

Regardless of what credit risk rating tool is used, lending staff rating a customer are required to review the model-generated PD (or CCR) and consider any out-of-model factors or policy overlays to decide whether or not to override the model rating. Overrides of a rating model to a better rating require approval from the independent credit risk function. The significance of the model for risk grading varies with the customer segment: models will dominate risk grading of homogenous, simple and data-rich segments such as in Retail, however for complex, specialised business segments, expert knowledge and the highly customised nature of transactions will influence the rating outcome.

The table on page 46 summarises the types of borrowers and the rating approach adopted within each of ANZ's IRB portfolios.

Estimation of LGD and EAD

ANZ's LGD modelling takes into account data on secured recovery, unsecured recovery rates and debt seniority, geography and internal management costs from several major data sources. Internal data is used as the basis for LGD estimation in the retail asset class and is supplemented by external data for the corporate asset class.

EAD represents the expected outstanding at the time of default, including an estimate of additional drawings prior to default (based on supervisory credit conversion factors), plus post-default drawings that were legally committed to prior to default.

Table 9(d): Non Retail Exposure at Default subject to Internal Ratings Based (IRB) approach[18 19 20]

	Sep 24							
	AAA to AA- $M	A+ to BBB+ $M	BBB to BBB- $M	BB+ to B+ $M	B to B- $M	CCC+ to C $M	Default $M	Total $M
Exposure at Default								
Corporate	-	69,039	77,491	66,835	8,237	1,255	1,159	**224,016**
Sovereign	183,461	36,612	3,554	1,246	2,099	13	-	**226,985**
Financial Institutions	-	96,125	9,281	2,397	316	98	31	**108,248**
New Zealand	2,801	5,728	12,968	21,515	4,315	1,477	668	**49,472**
Total	**186,262**	**207,504**	**103,294**	**91,993**	**14,967**	**2,843**	**1,858**	**608,721**
% of Total	30.6%	34.1%	17.0%	15.1%	2.5%	0.5%	0.3%	100.0%
Undrawn commitments (included in above)								
Corporate	-	17,589	15,068	8,537	676	63	11	**41,944**
Sovereign	1,100	243	44	11	-	-	-	**1,398**
Financial Institutions	-	12,004	596	107	15	80	-	**12,802**
New Zealand	264	2,626	3,395	2,124	218	119	19	**8,765**
Total	**1,364**	**32,462**	**19,103**	**10,779**	**909**	**262**	**30**	**64,909**
Average Exposure at Default								
Corporate	-	15.466	4.201	1.380	0.749	0.354	0.824	**2.567**
Sovereign	203.619	338.997	13.881	16.615	91.273	1.105	-	**164.363**
Financial Institutions	-	5.508	4.767	2.397	0.631	0.409	2.776	**5.118**
New Zealand	4.804	1.974	0.984	0.754	0.663	0.463	1.389	**0.894**
Exposure-weighted average Loss Given Default (%)								
Corporate	-	44.3%	36.0%	23.4%	21.3%	27.2%	27.5%	**34.2%**
Sovereign	7.0%	25.1%	50.0%	50.0%	50.0%	50.0%	-	**11.3%**
Financial Institutions	-	48.2%	49.1%	48.3%	46.1%	49.3%	2.8%	**48.3%**
New Zealand	65.2%	48.0%	30.6%	28.1%	27.5%	39.9%	27.5%	**33.5%**
Exposure-weighted average risk weight (%)								
Corporate	-	26.2%	43.2%	53.6%	69.0%	163.7%	82.3%	**42.9%**
Sovereign	1.4%	6.3%	44.6%	102.2%	159.7%	275.7%	-	**4.9%**
Financial Institutions	-	22.4%	58.9%	88.4%	118.1%	317.9%	41.0%	**27.5%**
New Zealand	29.5%	32.7%	49.7%	66.8%	108.5%	224.6%	73.4%	**64.7%**

[18] In accordance with APS 330, EAD in Table 9(d) includes IRB (Advanced and Foundation) exposures and excludes Specialised Lending subject to supervisory slotting, Standardised, Securitisation and Equities.

[19] Average EAD is calculated as total EAD post risk mitigants divided by the total number of credit risk generating exposures.

[20] Exposure-weighted average risk weight (%) is calculated as CRWA divided by EAD.

Table 9(d): Non Retail Exposure at Default subject to Internal Ratings Based (IRB) approach (continued)

	Mar 24							
	AAA to AA- $M	A+ to BBB+ $M	BBB to BBB- $M	BB+ to B+ $M	B to B- $M	CCC+ to C $M	Default $M	Total $M
Exposure at Default								
Corporate	-	74,041	77,062	63,878	8,232	1,246	1,008	**225,467**
Sovereign	189,453	21,135	3,525	1,274	2,529	20	-	**217,936**
Financial Institutions	-	94,169	11,075	2,548	436	23	6	**108,257**
New Zealand	3,241	5,524	13,971	21,029	5,060	1,145	784	**50,754**
Total	**192,694**	**194,869**	**105,633**	**88,729**	**16,257**	**2,434**	**1,798**	**602,414**
% of Total	32.0%	32.3%	17.5%	14.7%	2.7%	0.4%	0.3%	100.0%
Undrawn commitments (included in above)								
Corporate	-	19,239	15,439	8,052	550	115	13	**43,408**
Sovereign	1,034	200	26	13	2	3	-	**1,278**
Financial Institutions	-	12,017	899	128	16	2	-	**13,062**
New Zealand	403	2,675	3,463	2,150	271	79	10	**9,051**
Total	**1,437**	**34,131**	**19,827**	**10,343**	**839**	**199**	**23**	**66,799**
Average Exposure at Default								
Corporate	-	14.441	3.907	1.291	0.708	0.293	0.810	**2.465**
Sovereign	233.605	227.254	16.868	14.314	15.056	0.723	-	**175.755**
Financial Institutions	-	9.501	7.832	1.957	0.600	0.118	0.264	**7.974**
New Zealand	10.839	5.991	1.361	0.827	0.840	0.451	2.046	**1.106**
Exposure-weighted average Loss Given Default (%)								
Corporate	-	44.8%	35.8%	23.5%	21.3%	33.9%	35.8%	**34.7%**
Sovereign	7.0%	25.0%	50.0%	50.0%	50.0%	50.0%	-	**10.2%**
Financial Institutions	-	49.5%	49.6%	45.1%	44.2%	35.3%	45.0%	**49.4%**
New Zealand	65.2%	48.9%	34.2%	27.0%	28.6%	38.3%	25.5%	**34.2%**
Exposure-weighted average risk weight (%)								
Corporate	-	26.9%	42.6%	53.3%	69.1%	213.5%	84.0%	**42.6%**
Sovereign	1.3%	6.4%	44.6%	102.1%	159.8%	279.8%	-	**5.0%**
Financial Institutions	-	22.5%	55.3%	87.7%	128.8%	225.8%	-	**27.8%**
New Zealand	28.5%	32.3%	50.0%	66.5%	109.6%	216.3%	42.0%	**63.1%**

Table 9(d): Non Retail Exposure at Default subject to Internal Ratings Based (IRB) approach (continued)

	Sep 23							
	AAA to AA- $M	**A+ to BBB+ $M**	**BBB to BBB- $M**	**BB+ to B+ $M**	**B to B- $M**	**CCC+ to C $M**	**Default $M**	**Total $M**
Exposure at Default								
Corporate	-	80,271	81,756	61,423	8,057	752	1,106	**233,365**
Sovereign	196,607	26,807	2,440	1,475	2,120	14	-	**229,463**
Financial Institutions	-	94,070	11,348	2,540	491	25	4	**108,478**
New Zealand	3,383	6,932	17,245	19,362	3,957	897	447	**52,223**
Total	**199,990**	**208,080**	**112,789**	**84,800**	**14,625**	**1,688**	**1,557**	**623,529**
% of Total	32.07%	33.37%	18.09%	13.60%	2.35%	0.27%	0.25%	100.00%
Undrawn commitments (included in above)								
Corporate	-	22,186	18,228	8,525	692	61	53	**49,745**
Sovereign	982	384	44	77	3	0	-	**1490**
Financial Institutions	-	12692	1109	240	49	1	-	**14091**
New Zealand	423	2,859	3,771	2,072	239	43	9	**9,416**
Total	**1,405**	**38,121**	**23,152**	**10,914**	**983**	**105**	**62**	**74,742**
Average Exposure at Default								
Corporate	-	18.293	3.962	1.233	0.678	0.201	0.960	**2.547**
Sovereign	243.627	252.899	16.377	16.031	18.120	0.729	-	**177.878**
Financial Institutions	-	5.921	5.313	1.910	0.703	0.105	0.215	**5.342**
New Zealand	7.942	2.732	1.221	0.862	0.844	0.397	1.271	**1.115**
Exposure-weighted average Loss Given Default (%)								
Corporate	-	45.6%	35.5%	24.1%	22.4%	32.0%	34.6%	**35.5%**
Sovereign	6.8%	25.4%	50.0%	49.9%	49.9%	50.0%	-	**10.1%**
Financial Institutions	-	49.2%	48.9%	45.2%	39.8%	39.0%	35.9%	**49.0%**
New Zealand	65.0%	43.2%	35.5%	27.2%	25.1%	33.8%	34.0%	**34.5%**
Exposure-weighted average risk weight (%)								
Corporate	-	26.5%	42.9%	53.8%	72.3%	210.4%	64.1%	**41.8%**
Sovereign	1.2%	6.7%	46.5%	99.8%	159.5%	277.8%	-	**4.5%**
Financial Institutions	-	22.9%	56.6%	88.5%	114.3%	256.4%	-	**28.5%**
New Zealand	30.7%	45.2%	68.5%	74.9%	112.5%	216.3%	75.8%	**71.3%**

Table 9(d): Retail Exposure at Default subject to Internal Ratings Based (IRB) approach by risk grade

	Sep 24							
	0.00% <0.11% $M	0.11% <0.30% $M	0.30% <0.51% $M	0.51% <3.49% $M	3.49% <10.09% $M	10.09% <100.00% $M	Default $M	Total $M
Exposure at Default								
Residential Mortgage	119,159	73,101	45,028	101,696	11,985	2,372	3,534	**356,875**
Retail SME	42	331	603	9,610	4,989	1,033	484	**17,092**
Qualifying Revolving Retail	3,447	3,984	1,441	2,942	655	219	36	**12,724**
Other Retail	48	26	24	1,136	124	79	51	**1,488**
New Zealand	16,973	24,185	23,006	45,527	5,236	598	859	**116,384**
Total	**139,669**	**101,627**	**70,102**	**160,911**	**22,989**	**4,301**	**4,964**	**504,563**
% of Total	27.7%	20.1%	13.9%	31.9%	4.6%	0.9%	1.0%	100.0%
Undrawn commitments (included in above)								
Residential Mortgage	19,190	4,830	2,221	7,094	48	17	10	**33,410**
Retail SME	36	207	283	1,421	262	54	15	**2,278**
Qualifying Revolving Retail	2,457	2,920	954	1,270	138	37	2	**7,778**
Other Retail	42	22	20	109	19	3	0	**215**
New Zealand	7,195	3,480	842	1,714	211	20	4	**13,466**
Total	**28,920**	**11,459**	**4,320**	**11,608**	**678**	**131**	**31**	**57,147**
Average Exposure at Default								
Residential Mortgage	0.345	0.432	0.392	0.403	0.397	0.383	0.405	**0.385**
Retail SME	0.082	0.071	0.057	0.069	0.115	0.028	0.049	**0.070**
Qualifying Revolving Retail	0.009	0.009	0.008	0.010	0.009	0.007	0.008	**0.009**
Other Retail	0.002	0.001	0.001	0.004	0.002	0.003	0.003	**0.003**
New Zealand	0.095	0.058	0.114	0.106	0.035	0.006	0.073	**0.078**
Exposure-weighted average Loss Given Default (%)								
Residential Mortgage	13.0%	14.1%	14.7%	16.5%	15.5%	16.4%	26.9%	**14.7%**
Retail SME	13.8%	19.6%	27.1%	27.0%	30.7%	50.0%	40.4%	**29.7%**
Qualifying Revolving Retail	72.7%	75.5%	75.3%	78.7%	82.2%	80.9%	75.7%	**75.9%**
Other Retail	74.4%	80.8%	75.9%	76.9%	77.7%	78.2%	78.7%	**77.1%**
New Zealand	16.8%	23.4%	19.8%	22.2%	27.3%	34.9%	21.5%	**21.5%**
Exposure-weighted average risk weight (%)								
Residential Mortgage	6.6%	10.4%	18.4%	42.0%	86.1%	141.4%	306.6%	**25.5%**
Retail SME	3.4%	9.5%	20.6%	41.6%	62.6%	126.5%	232.7%	**56.9%**
Qualifying Revolving Retail	4.2%	7.9%	16.1%	44.9%	108.2%	211.0%	138.4%	**25.4%**
Other Retail	16.7%	36.7%	53.2%	103.7%	131.5%	203.6%	180.6%	**109.1%**
New Zealand	4.4%	14.0%	16.9%	39.6%	87.6%	130.6%	12.7%	**27.2%**

Table 9(d): Retail Exposure at Default subject to Internal Ratings Based (IRB) approach by risk grade (continued)

Mar 24	0.00% <0.11% $M	0.11% <0.30% $M	0.30% <0.51% $M	0.51% <3.49% $M	3.49% <10.09% $M	10.09% <100.00% $M	Default $M	Total $M
Exposure at Default								
Residential Mortgage	85,573	62,866	37,488	144,707	10,975	1,732	3,025	**346,365**
Retail SME	38	330	615	9,286	4,898	1,030	430	**16,628**
Qualifying Revolving Retail	3,405	4,028	1,429	2,995	662	250	35	**12,804**
Other Retail	71	32	32	1,164	131	86	53	**1,569**
New Zealand	3,544	38,553	31,344	39,639	773	134	748	**114,735**
Total	**92,631**	**105,809**	**70,908**	**197,791**	**17,439**	**3,232**	**4,292**	**492,102**
% of Total	18.8%	21.5%	14.4%	40.2%	3.5%	0.7%	0.9%	100.0%
Undrawn commitments (included in above)								
Residential Mortgage	20,137	4,057	1,460	7,520	41	15	7	**33,238**
Retail SME	33	216	291	1,465	315	58	14	**2,392**
Qualifying Revolving Retail	2,418	2,941	938	1,259	131	47	2	**7,735**
Other Retail	66	29	29	144	21	3	-	**291**
New Zealand	2,952	5,801	1,234	3,276	189	6	5	**13,463**
Total	**25,606**	**13,044**	**3,952**	**13,664**	**697**	**130**	**28**	**57,120**
Average Exposure at Default								
Residential Mortgage	0.300	0.379	0.398	0.419	0.387	0.321	0.430	**0.372**
Retail SME	0.080	0.068	0.055	0.066	0.113	0.028	0.058	**0.068**
Qualifying Revolving Retail	0.009	0.009	0.008	0.010	0.009	0.007	0.008	**0.009**
Other Retail	0.002	0.001	0.001	0.004	0.002	0.004	0.003	**0.003**
New Zealand	0.039	0.070	0.158	0.101	0.006	0.002	0.066	**0.078**
Exposure-weighted average Loss Given Default (%)								
Residential Mortgage	12.3%	13.6%	14.0%	15.3%	14.9%	14.5%	24.7%	**14.2%**
Retail SME	13.1%	19.7%	26.8%	27.5%	31.2%	50.8%	37.8%	**30.1%**
Qualifying Revolving Retail	72.7%	75.6%	75.4%	78.6%	82.1%	80.9%	75.7%	**75.9%**
Other Retail	74.0%	79.6%	75.8%	76.2%	77.5%	78.7%	76.5%	**76.5%**
New Zealand	19.4%	16.7%	19.8%	25.9%	80.3%	83.6%	20.1%	**21.3%**
Exposure-weighted average risk weight (%)								
Residential Mortgage	6.2%	10.1%	18.7%	42.6%	93.2%	161.4%	264.9%	**29.3%**
Retail SME	3.3%	9.5%	20.4%	42.4%	63.7%	128.7%	232.7%	**57.4%**
Qualifying Revolving Retail	4.2%	8.0%	16.1%	45.1%	108.1%	210.2%	164.6%	**26.1%**
Other Retail	16.5%	37.1%	53.1%	102.0%	130.4%	203.8%	170.8%	**106.1%**
New Zealand	33.5%	32.4%	31.1%	33.3%	127.1%	178.8%	14.3%	**33.1%**

Table 9(d): Retail Exposure at Default subject to Internal Ratings Based (IRB) approach by risk grade (continued)

	Sep 23							
	0.00% <0.11% $M	0.11% <0.30% $M	0.30% <0.51% $M	0.51% <3.49% $M	3.49% <10.09% $M	10.09% <100.00% $M	Default $M	Total $M
Exposure at Default								
Residential Mortgage	83,971	60,151	36,181	143,396	9,820	1,575	2,384	**337,478**
Retail SME	40	344	610	9,237	4,831	1,053	395	**16,510**
Qualifying Revolving Retail	3,499	4,106	1,436	2,852	654	236	34	**12,817**
Other Retail	72	32	35	1,159	129	84	46	**1,557**
New Zealand	3,528	39,421	31,786	38,183	780	136	694	**114,528**
Total	**91,110**	**104,054**	**70,048**	**194,827**	**16,214**	**3,084**	**3,553**	**482,890**
% of Total	18.9%	21.5%	14.5%	40.3%	3.4%	0.6%	0.7%	100.0%
Undrawn commitments (included in above)								
Residential Mortgage	20,168	4,140	1,531	8,831	43	10	6	**34,729**
Retail SME	33	219	285	1,551	370	63	13	**2,534**
Qualifying Revolving Retail	2,482	3,014	946	1,151	126	34	2	**7,755**
Other Retail	67	29	31	148	22	4	-	**301**
New Zealand	2,959	5,897	1,310	3,368	193	7	4	**13,738**
Total	**25,709**	**13,299**	**4,103**	**15,049**	**754**	**118**	**25**	**59,057**
Average Exposure at Default								
Residential Mortgage	0.290	0.363	0.380	0.421	0.373	0.351	0.367	**0.364**
Retail SME	0.081	0.068	0.054	0.065	0.109	0.030	0.070	**0.068**
Qualifying Revolving Retail	0.009	0.009	0.008	0.010	0.008	0.007	0.008	**0.009**
Other Retail	0.002	0.001	0.001	0.004	0.002	0.004	0.004	**0.003**
New Zealand	0.039	0.071	0.140	0.105	0.006	0.002	0.063	**0.078**
Exposure-weighted average Loss Given Default (%)								
Residential Mortgage	12.3%	13.5%	13.7%	15.1%	14.6%	14.2%	26.3%	**14.0%**
Retail SME	13.3%	19.5%	26.8%	28.3%	31.9%	50.3%	37.1%	**30.7%**
Qualifying Revolving Retail	72.5%	75.8%	75.4%	78.9%	82.2%	80.8%	75.7%	**76.0%**
Other Retail	73.8%	79.7%	76.1%	76.0%	76.9%	78.3%	75.7%	**76.2%**
New Zealand	19.7%	16.8%	19.9%	25.8%	79.8%	82.6%	20.3%	**21.3%**
Exposure-weighted average risk weight (%)								
Residential Mortgage	6.3%	10.1%	18.4%	41.9%	91.9%	156.2%	284.0%	**28.5%**
Retail SME	3.4%	9.5%	20.5%	43.7%	65.7%	130.2%	237.1%	**58.7%**
Qualifying Revolving Retail	4.2%	7.9%	16.1%	45.2%	108.2%	211.2%	135.6%	**25.3%**
Other Retail	16.4%	36.5%	53.6%	101.9%	129.6%	204.4%	179.2%	**105.6%**
New Zealand	33.7%	32.4%	31.2%	33.4%	126.2%	175.6%	10.5%	**33.1%**

Table 9(e): Actual Losses by portfolio type

Half year Sep 24		
Basel Asset Class	**Individual provision charge $M**	**Net Write-offs $M**
Corporate	(27)	25
Sovereign	-	-
Financial Institutions	-	-
Residential Mortgage	3	11
Retail SME	36	30
Qualifying Revolving Retail	29	46
Other Retail	18	29
Total IRB	**59**	**141**
Specialised Lending subject to supervisory slotting	-	-
Standardised approach	11	10
Exposures of New Zealand banking subsidiaries	36	19
Total	**106**	**170**

Half year Mar 24		
Basel Asset Class	**Individual provision charge $M**	**Write-offs $M**
Corporate	(26)	17
Sovereign	-	-
Financial Institutions	-	-
Residential Mortgage	6	10
Retail SME	27	30
Qualifying Revolving Retail	26	43
Other Retail	17	25
Total IRB	**50**	**125**
Specialised Lending subject to supervisory slotting	-	-
Standardised approach	(15)	3
Exposures of New Zealand banking subsidiaries	3	18
Total	**38**	**146**

Half year Sep 23		
Basel Asset Class	**Individual provision charge $M**	**Write-offs $M**
Corporate	24	10
Sovereign	-	-
Financial Institutions	(1)	-
Residential Mortgage	10	12
Retail SME	25	48
Qualifying Revolving Retail	26	43
Other Retail	11	34
Total IRB	**95**	**147**
Specialised Lending subject to supervisory slotting	-	-
Standardised approach	(7)	12
Exposures of New Zealand banking subsidiaries	35	65
Total	**123**	**224**

Factors impacting the loss experience.

The individually assessed credit impairment charge increased $68 million driven by lower write backs and recoveries in Standardised portfolios and New Zealand banking subsidiaries due to due to higher new impairment flows.

Write offs increased $24 million driven by increases in the Australia Retail banking portfolios and the Corporate asset class.

Table 9(f): Average estimated vs. actual PD, EAD and LGD – IRB

Portfolio Type	Sep 24				
	Average Estimated PD %	Average Actual PD %	Average estimated to actual EAD ratio	Average Estimated LGD %	Average Actual LGD %
Corporate	1.83	1.63	1.15	38.26	29.87
Sovereign	0.77	0.32	1.62	n/a	n/a
Financial Institutions	0.54	0.32	1.23	38.91	19.71
Specialised Lending	n/a	0.52	1.09	n/a	31.00
Residential Mortgage	0.91	0.70	1.01	18.11	1.35
Qualifying Revolving Retail	1.50	1.03	1.16	80.02	64.11
Retail SME	4.71	3.79	1.03	38.18	18.70
Other Retail	3.52	2.75	1.05	70.00	59.05
New Zealand Wholesale	1.44	0.60	1.10	40.25	23.05
New Zealand Retail	2.17	0.93	1.02	28.55	6.79

APS 330 Table 9(f) compares internal credit risk estimates used in calculating regulatory capital with realised outcomes by portfolio types. It covers the PD, EAD and LGD estimates for the IRB portfolios.

Estimated PD and LGD for Specialised Lending exposures have not been provided since APRA requires the use of supervisory slotting for Regulatory EL calculations. Actual PD, EAD ratio, Estimated LGD and Actual LGD for Sovereign exposures have not been provided, since there were no Sovereign defaults observed in ANZ Sovereign exposures for the observation period.

Wholesale Portfolios

The estimated PD is based on the average of the internally estimated long-run PDs for obligors that are not in default at the beginning of each financial year over the period of observation being 2009 to 2023. The actual PD is based on the number of defaulted obligors up to August 2024 compared to the total number of obligors measured.

The EAD ratio compares internally estimated EAD prior to default to realised EAD for defaulted obligors over the 15 years of observation being 2009 to August 2024. A ratio greater than 1.0 signifies that on average, the actual defaulted exposures are lower than the estimated exposures at the time of default.

The estimated LGD is the downturn LGD for accounts that defaulted at the beginning of each year during the observation period being 2009 to September 2022. The actual LGD is based on the average realised losses captured over the period for the accounts observed at the beginning and defaulted during the observation period. For non-retail portfolios, the estimated and actual LGDs are based on accounts that defaulted up to September 2022. Defaults occurring after September 2022 have been excluded from the analysis to allow sufficient time for workout period. Actual LGD for defaults where workouts were not finalised have been estimated to approximate the final actual loss. Defaults where no loss data has been captured are excluded from the LGD calculation.

A review of historical LGD data is currently being undertaken and may result in changes to Average Actual LGD numbers detailed above.

Retail Portfolios

The estimated PD is based on the average of the internally estimated long-run PDs for obligors that are not in default at September of each year over the period of observation being 2019 to 2023. The actual PD is based on the number of defaulted obligors up to September 2023 compared to the total number of obligors measured.

The EAD ratio compares internally estimated EAD prior to default to realised EAD for defaulted obligors over the period of observation being 2019 to 2023. A ratio greater than 1.0 signifies that on average, the actual defaulted exposures are lower than the estimated exposures at the time of default.

The estimated LGD is the downturn LGD for accounts that defaulted at September of each year during the observation period being 2018 to 2022. The actual LGD is based on the average realised losses over the period for the accounts observed at the beginning and defaulted during the observation period. Defaults occurring after September 2023 have been excluded from the analysis to allow sufficient time for workout period.

Table 10 Credit risk mitigation disclosures

Main types of collateral taken by ANZ

Collateral is used to mitigate credit risk, as the secondary source of repayment in case the counterparty cannot meet its contractual repayment obligations.[21] Types of collateral typically taken by ANZ include:

- Security interests over residential, commercial, industrial, or rural property;
- Security interests over business assets;
- Security interests over specific plant and equipment;
- Security interests over listed shares, bonds, or securities;
- Security interests over cash deposits;
- Guarantees and pledges; and
- Cash and securities under Credit Support Annex (CSA) and Global Master Repurchase Agreement (GMRA) for Counterparty credit risk in derivative and repo transactions.

In some cases, such as where the customer risk profile is considered very sound or by the nature of the product, a transaction may not be supported by collateral.

Our credit policy, requirements and processes set out the acceptable types of collateral, as well as a process by which additional instruments and/or asset types can be considered for approval.

For derivative transactions, APRA's CPS 226 "Margining and risk mitigation for non-centrally cleared derivatives" has mandated Variation Margin and Initial Margin arrangements between covered entities, subject to trading volume thresholds. The operation of collateral agreements falls under a policy which establishes the control framework designed to ensure a robust and globally consistent approach to the management of collateralised exposures, as well as compliance with CPS 226 obligations.

For non-derivative and repo transactions, ANZ's credit risk modelling teams use historical internal loss data and other relevant external data to assist in determining the discount that each type of collateral would be expected to incur in a forced sale. The discounted value is used in the determination of the SI and LGD. For derivative and repo transactions, ANZ haircuts the value of cash and securities collateral under CSA or GMRA to calculate the regulatory EAD, as per APRA's APS 112 and APS 180.

Policies and processes for collateral valuation and management

ANZ has well established policies, requirements and processes around collateral valuation and management that are reviewed regularly. The concepts of legal enforceability, certainty and current valuation are central to collateral management.

To achieve legal enforceability and certainty, ANZ uses standard collateral instruments or has specific documentation drawn up by external legal advisers, and where applicable, security interests are registered. The use of collateral management systems also provides certainty that the collateral has been properly taken, registered and stored.

In order to rely on the valuation of collateral assets, ANZ has developed comprehensive rules around acceptable types of valuations (including who may value an asset), frequency of revaluations and standard extension ratios for typical asset types. Upon receipt of a new valuation, the information is used to recalculate the SI (or to reassess the adequacy of the provision, in the case of an impaired asset), thereby ensuring that the exposure has an updated LGD attached to it for risk quantification purposes.

Guarantee support

Within wholesale lending, guarantee support for lending proposals is a common component in transaction structuring for ANZ. The guarantee of a financially stronger party can help improve the PD of a transaction through its explicit support of the weaker rated borrower.

Guarantees that are recognised for risk rating purposes may be provided by parties that include associated entities, banks, sovereigns or individuals. Credit requirements provide threshold parameters to determine acceptable counterparties in achieving risk grade enhancement of the transaction.

The suitability of the guarantor is determined by risk rating that guarantor. Not all guarantees or guarantors are recognised for risk grade enhancement purposes.

[21] For some products, the collateral provided is fundamental to its structuring so is not strictly the secondary source of repayment. For example, lending secured by trade receivables is typically repaid by the collection of those receivables.

Use of credit derivatives for risk mitigation

ANZ may use purchased credit derivatives to mitigate credit risk by lowering exposures to reference entities that generate high concentration risk exposures or to improve risk return performance. Only certain credit derivatives such as credit default swaps (CDS) are recognised for risk mitigation purposes in the determination of regulatory capital. Standard, legally enforceable documentation applies.

For regulatory capital purposes, ANZ only recognises protection using credit derivatives where they meet several policy and regulatory requirements around the strength of the protection offered such as being irrevocable.

A CDS may only be transacted with banks and non-bank financial institutions that have been credit assessed and approved by a designated specialist credit officer. All parties must meet minimum credit standards and be allocated a related credit limit. In the event that the creditworthiness of a credit protection provider falls below the minimum required to provide effective protection, the protection is no longer recognised as an effective risk mitigant for regulatory purposes.

Additionally, ANZ uses market instruments, mainly interest rate and foreign exchange derivatives, as well as CDS Indices to hedge the Credit value adjustment (CVA) mark to market volatility of the markets derivative portfolio.

The use of netting

Netting is a form of credit risk mitigation in that it reduces EAD, by offsetting a customer's positive and negative balances with ANZ.

In order to apply on-balance sheet netting, the arrangement must be specifically documented with the customer and meet a number of legally enforceable requirements.

Netting is also used where the credit exposure arises from off-balance sheet market related transactions. For close-out netting to be utilised with counterparties, a legally enforceable eligible netting agreement in an acceptable jurisdiction must be in place. This means that each transaction is aggregated into a single net amount and transactions are netted to arrive at a single overall sum.

Transaction structuring to mitigate credit risk

Besides collateral, guarantee support and derivatives described above, credit risk mitigation can also be enhanced by prudent transaction structuring. For example, the risk in project finance lending can be mitigated by lending covenants, loan syndication and political risk insurance.

Concentrations of credit risk mitigation

Taking collateral raises the possibility that ANZ may inadvertently increase its risk by becoming exposed to collateral concentrations. For example, in the same way that an over-exposure to a particular industry may mean that a bank is more sensitive to the performance of that industry, an over-exposure to a particular collateral asset type may make ANZ more sensitive to the performance of that asset type.

ANZ does not believe that it has any material concentrations of collateral types, given the well diversified nature of its portfolio and diverse range of pledged collateral, and well embedded collateral review processes.

Additional credit risk mitigation for markets derivatives

Right to break clauses are used in master agreement or in trade confirmation to reduce the term of long dated derivative trades. Additional termination triggers (close out of exposure) such as credit rating downgrade clauses and change in ownership clauses included in documentation are used to reduce credit exposure under specific credit events. ANZ uses central clearing houses to clear certain derivative transactions and reduce bilateral exposure. Settlement through Continuous Linked Settlement (CLS) is used to eliminate settlement risk for foreign exchange transactions with CLS members. In addition to the exchange of Variation margin and Initial Margin, APRA's CPS 226 also requires the following risk mitigation practices to be established for un-cleared derivatives between covered counterparties: trading relationship documentation; trade confirmation; portfolio reconciliation; portfolio compression; valuation processes; and dispute resolution processes.

Table 10(b): Credit risk mitigation on Standardised approach portfolios – collateral [22] [23]

Sep 24	Exposure $M	Eligible Financial Collateral $M	Other Eligible Collateral $M	% Coverage
Standardised approach				
Corporate	18,541	302	-	1.6%
Sovereign	11,794	-	-	0.0%
Bank	399	-	-	0.0%
Residential Mortgage	62,608	5	-	0.0%
Other Retail	237	1	14	6.0%
Other assets	9,292	-	-	0.0%
Total	**102,871**	**308**	**14**	**0.3%**

	Exposure $M	Eligible Financial Collateral $M	Other Eligible Collateral $M	% Coverage
Foundation IRB approach				
Corporate	88,161	-	782	0.9%
Sovereign	226,985	-	11,455	4.8%
Financial Institution	108,248	-	27	0.0%
Total	**423,394**	**-**	**12,264**	**2.8%**

Mar 24	Exposure $M	Eligible Financial Collateral $M	Other Eligible Collateral $M	% Coverage
Standardised approach				
Corporate	5,805	59	-	1.0%
Sovereign	171	-	-	0.0%
Residential Mortgage	2,044	-	-	0.0%
Other Retail	65	-	55	46.0%
Other assets	6,170	1,390	-	18.4%
Total	**14,255**	**1,449**	**55**	**9.5%**

	Exposure $M	Eligible Financial Collateral $M	Other Eligible Collateral $M	% Coverage
Foundation IRB approach				
Corporate	93,895	-	385	0.4%
Sovereign	217,936	-	9,414	4.1%
Financial Institution	108,257	-	16	0.0%
Total	**420,088**	**-**	**9,815**	**2.3%**

[22] Eligible Collateral could include cash collateral (cash, certificates deposits and bank bills issued by the lending ADI), gold bullion and highly rated debt securities.

[23] Exposure at Default represents credit exposure net of offsets for credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral.

Table 10(b): Credit risk mitigation on Standardised approach portfolios – collateral(continued)

	Sep 23			
	Exposure $M	**Eligible Financial Collateral $M**	**Other Eligible Collateral $M**	**% Coverage**
Standardised approach				
Corporate	6,428	62	-	1.0%
Sovereign	165	-	-	0.0%
Residential Mortgage	2,269	-	-	0.0%
Other Retail	32	-	23	41.9%
Other assets	5,920	903	-	13.2%
Total	**14,814**	**965**	**23**	**6.3%**

	Exposure $M	**Eligible Financial Collateral $M**	**Other Eligible Collateral $M**	**% Coverage**
Foundation IRB approach				
Corporate	93,349	-	540	0.6%
Sovereign	229,463	-	5,585	2.4%
Financial Institution	108,478	-	26	0
Total	**431,290**	**-**	**6,151**	**1.4%**

Table 10(c): Credit risk mitigation – guarantees and credit derivatives[24]

	Sep 24			
	Exposure at default $M	Exposures covered by Guarantees $M	Exposures covered by Credit Derivatives $M	% Coverage
Advanced IRB				
Corporate (incl. Specialised Lending)	141,249	5,660	374	4.3%
Residential Mortgage	356,875	-	-	-
Retail SME	17,092	-	-	-
Qualifying Revolving Retail	12,724	-	-	-
Other Retail	1,488	-	-	-
Total	**529,428**	**5,660**	**374**	**1.1%**
Foundation IRB				
Corporate	88,161	5,421	-	6.1%
Sovereign	226,985	5,278	-	2.3%
Financial Institutions	108,248	2,211	1,067	3.0%
Total	423,394	**12,910**	**1,067**	**3.3%**
Standardised approach				
Corporate	18,541	765	-	4.1%
Sovereign	11,794	-	-	-
Bank	399	-	-	-
Residential Mortgage	62,608	-	-	-
Other Retail	237	-	-	-
Other Assets	9,292	-	-	-
Total	**102,871**	**765**	**-**	**0.7%**
Exposures of New Zealand banking subsidiaries	**195,082**	**162**	**-**	**0.1%**
Qualifying Central Counterparties	**8,930**	**-**	**-**	**-**

[24] Exposure at Default represents credit exposure net of offsets for credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral.

Table 10(c): Credit risk mitigation – guarantees and credit derivatives (continued)

	Mar 24			
	Exposure at default $M	**Exposures covered by Guarantees $M**	**Exposures covered by Credit Derivatives $M**	**% Coverage**
Advanced IRB				
Corporate (incl. Specialised Lending)	135,999	4,314	-	3.2%
Residential Mortgage	346,366	-	-	-
Retail SME	16,628	-	-	-
Qualifying Revolving Retail	12,804	-	-	-
Other Retail	1,569	-	-	-
Total	**513,366**	4,314	**-**	**0.8%**
Foundation IRB				
Corporate	93,895	5,913	-	6.3%
Sovereign	217,936	5,292	-	2.4%
Financial Institutions	108,257	2,964	1,169	3.8%
Total	420,088	14,169	1,169	**3.7%**
Standardised approach				
Corporate	5,805	577	-	9.9%
Sovereign	171	-	-	-
Residential Mortgage	2,044	-	-	-
Other Retail	65	-	-	-
Other Assets	6,170	-	-	-
Total	**14,255**	**577**	**-**	**4.0%**
		-	-	
Exposures of New Zealand banking subsidiaries	**195,617**	**439**	**-**	**0.2%**
Qualifying Central Counterparties	**7,451**	**-**	**-**	**-**

Table 10(c): Credit risk mitigation – guarantees and credit derivatives (continued)

	Sep 23			
	Exposure at default $M	Exposures covered by Guarantees $M	Exposures covered by Credit Derivatives $M	% Coverage
Advanced IRB				
Corporate (incl. Specialised Lending)	144,035	4,144	-	2.9%
Residential Mortgage	337,478	-	-	-
Retail SME	16,510	-	-	-
Qualifying Revolving Retail	12,817	-	-	-
Other Retail	1,557	-	-	-
Total	**512,397**	**4,144**	**-**	**0.8%**
Foundation IRB				
Corporate	93,349	2,785	-	**3.0%**
Sovereign	229,463	4,907	-	**2.1%**
Financial Institutions	108,478	424	1,310	**1.5%**
Total	**431,290**	**8,116**	**1,310**	**2.2%**
Standardised approach				
Corporate	6,428	234	-	3.6%
Sovereign	165	-	-	
Residential Mortgage	2,269	-	-	-
Other Retail	32	-	-	-
Other Assets	5,920	-	-	-
Total	**14,814**	**234**	**-**	**1.6%**
		-	**-**	
Exposures of New Zealand banking subsidiaries	**197,204**	**265**	**-**	**0.1%**
Qualifying Central Counterparties	**7,035**	**-**	**-**	**-**

Table 11 General disclosures for derivatives and counterparty credit risk

Definition of Counterparty Credit Risk

Counterparty credit risk in derivative transactions arises from the risk of counterparty default before settlement date of derivative contracts and the counterparty is unable to fulfil present and future contractual payment obligations. The amount at risk may change over time as a function of the underlying market parameters up to the positive value of the contract in favor of ANZ.

Counterparty credit risk is present in market instruments (derivatives and forward contracts), and comprises:

- Settlement risk, which arises where one party makes payment or delivers value in the expectation but without certainty that the counterparty will perform the corresponding obligation in a bilateral contract at settlement date.
- Market replacement risk (pre-settlement risk), which is the risk that a counterparty will default during the life of a derivative contract and that a loss will be incurred in covering the position.

ANZ transacts market instruments with the following counterparties:

- End users – would typically use Over the Counter (OTC) derivative instruments provided by ANZ to manage price movement risk associated with their core business activity.
- Professional counterparties – ANZ may hedge price movement risks by entering into transactions with professional counterparties that conduct two-way (buy and sell) business.

Counterparty credit risk requires a different method to calculate exposure at default because actual and potential market movements impact ANZ’s exposure or replacement cost over the life of derivative contracts. The markets covered by this treatment include the derivative activities associated with interest rate, foreign exchange, CDS, equity, commodity and repurchase agreement (repo) products.

Counterparty credit risk governance

ANZ’s counterparty credit risk management is governed by its credit principles, policies and procedures. The Markets Risk function is responsible for determining the counterparty credit risk exposure methodology applied to market instruments, in the framework for counterparty credit limit management, measurement and reporting.

The counterparty credit risk associated with derivative transactions is governed by credit limit setting consistent with all credit exposures to the ANZ Group. Counterparty credit limits are approved by the appropriate credit delegation holders.

Counterparty credit risk measurement and reporting

The approach to measure counterparty credit risk exposure is based on internal models. These measures are referred to as potential credit risk exposure (PCRE) and potential future exposure (PFE) and measure the worse case credit exposure of derivative transactions at future time points to ANZ. PFE is measured at the 97.5th percentile at future pre-described time points, and PCRE is a 97.5th percentile averaged over time points.

PCRE and PFE factors recognise that prices may change over the remaining period to maturity, and that risk decreases as the contract’s remaining term to maturity decreases. In general terms PCRE is calculated by applying a risk weighting or volatility factor to the face value of the notional principal of individual trades. PFE simulates relevant risk factors in a portfolio by taking into account the relevant volatilities and correlations calibrated to historical market data. To measure counterparty credit risk exposure, PCRE and PFE take into account legal document in force, as well as credit risk mitigation tools like margin or Right-to-break clauses.

Exposure at default for regulatory capital

For regulatory capital the Exposure at Default captures the expected positive mark-to-market of a portfolio in the event of a counterparty default across a one-year time horizon at a 99% confidence level, taking into account any legal documents in force. It is calculated for ANZ following Standardised Approach for Counterparty Credit Risk (SA-CCR) under APRA’s APS 180: Capital Adequacy: Counterparty Credit Risk. Suncorp Bank uses the adjusted Current Exposure Method (adjusted CEM) under APRA’s APS 180.

Credit valuation adjustment (CVA)

ANZ uses a model to adjust the fair value of the CVA held which takes into account the impact of counterparty credit quality. The methodology calculates the present value of the expected losses over the life of a derivative as a function of Probability of Default (PD), Loss Given Default (LGD), and expected exposure profile.

As the CVA changes over the life of a derivative due to changes in credit spreads, ANZ uses CDS Indices to hedge the mark to market impacts. Other market risks are also hedged with interest rate and foreign exchange derivatives.

APRA requires banks, including ANZ, to hold additional risk-based capital to cover the risk of CVA mark-to-market losses associated with deterioration in counterparty credit worthiness when entering into derivative transactions.

Wrong way risk

ANZ's management of counterparty credit risk also considers the possibility of wrong way risk, which emerges when PD is adversely correlated with counterparty credit risk exposures.

Counterparty credit risk mitigation and credit enhancements

ANZ's primary tools to mitigate counterparty credit risk include:

- A bilateral netting master agreement (e.g., by International Swaps and Derivatives Association – (ISDA)) allowing close-out netting of exposures in a portfolio with offsetting contracts, with a single net payment with the same legal counterparty.
- Use of collateral agreements in some transactions based on standard market documentation (i.e., ISDA master agreement with credit support annex or CSA for derivatives and Global Master Repurchase Agreement or GMRA for repo) that governs the amount of collateral required to be posted or received by ANZ throughout the life of the contract. Reasons for requiring collateral include:
  - Variation Margin – reflects the current mark-to-market exposure.
  - Initial Margin – in addition to the variation margin, covers the future potential exposure that could arise from future changes in market value over a defined period of risk.
  - Since March 2017, APRA's CPS 226 "Margining and risk mitigation for non-centrally cleared derivatives" has mandated Variation Margin and Initial Margin arrangements between covered entities, subject to trading volume thresholds. The operation of collateral agreements falls under a policy which establishes the control framework designed to ensure a robust and globally consistent approach to the management of collateralised exposures, as well as compliance with CPS 226 obligations.
  - APRA's CPS 226 also requires ADIs to apply risk mitigation practices for un-cleared derivatives between covered counterparties in the areas of trading relationship documentation, trade confirmation, portfolio reconciliation, portfolio compression, valuation processes and dispute resolution processes.
- Use of right-to-break clauses in master agreements or in trade confirmation to reduce the term of long dated derivative trades.
- Independent limit setting, credit exposure control, monitoring and reporting of excesses against approved credit limits.
- Additional termination triggers (close out of exposure) such as credit rating downgrade clauses and change in ownership clauses included in documentation to reduce credit exposure under specific credit events.
- Linking covenants and events of default in existing loan facility agreements to master agreements.
- Use of credit derivatives to hedge CVA mart-to-market volatility.
- Settlement through Continuous Linked Settlement (CLS) to eliminate settlement risk for foreign exchange transactions with CLS members.
- Clearing certain derivative transactions through central counterparties clearing houses.
- A specific risk appetite for Credit Valuation Adjustment (CVA) exposures, approved by the Board.
- Design and implementation of limit framework and monitoring of CVA exposures, to ensure CVA exposure is within Risk appetite.

In the event of a downgrading of ANZ's rating by one notch from AA- to A+, as at 30 September 2024, ANZ would not be required to lodge additional collateral with its counterparties.

The terms of legal agreements with some of ANZ central clearing counterparties central clearer have been amended to give effect to "settled-to-market" legal settlement. As a result of this change, collateral paid and received by the Group under these agreements is no longer separately recognised, instead settling the Group's outstanding derivative exposures and reducing the associated carrying values of the derivative asset and liability balances.

Table 11(b): Counterparty credit risk – net derivative credit exposure

	Sep 24 $M	Mar 24 $M	Sep 23 $M
Gross positive fair value of contracts	54,370	47,481	60,406
Netting benefits	(38,192)	(30,767)	(38,070)
Netted current credit exposure	16,178	16,714	22,336
Collateral held	(7,702)	(5,553)	(13,049)
Net derivatives credit exposure	**8,476**	**11,161**	**9,287**

Counterparty credit risk exposure - by portfolio type

Portfolio Type	Sep 24 $M	Mar 24 $M	Sep 23 $M
Corporate	9,057	9,827	9,716
Sovereign	4,209	3,807	3,595
Bank	23,811	25,388	25,109
Qualifying Central Counterparties	9,789	8,574	8,110
Specialised Lending	124	57	47
Total exposures	**46,990**	**47,653**	**46,577**

Notional Value of Credit Derivative Hedges

Product Type	Sep 24 $M	Mar 24 $M	Sep 23 $M
Credit Default Swaps	-	-	-
Interest Rate Swaps	-	-	-
Currency Swaps	-	-	-
Other	-	-	-
Total exposures	**-**	**-**	**-**

Table 11(c): Counterparty credit risk exposure – credit derivative transactions

	Sep 24		
	Protection Bought $M	Protection Sold $M	Total $M
Credit derivative products used for own credit portfolio			
Credit default swaps	15,892	14,640	30,532
Total notional value	**15,892**	**14,640**	**30,532**
Credit derivative products used for intermediation			
Credit default swaps	-	-	-
Total return swaps	-	-	-
Total notional value	-	-	-
Total credit derivative notional value	**15,892**	**14,640**	**30,532**

	Mar 24		
	Protection Bought $M	Protection Sold $M	Total $M
Credit derivative products used for own credit portfolio			
Credit default swaps	9,737	9,468	19,205
Total notional value	**9,737**	**9,468**	**19,205**
Credit derivative products used for intermediation			
Credit default swaps	-	-	-
Total return swaps	-	-	-
Total notional value			
Total credit derivative notional value	**9,737**	**9,468**	**19,205**

	Sep 23		
	Protection Bought $M	Protection Sold $M	Total $M
Credit derivative products used for own credit portfolio			
Credit default swaps	10,862	8,503	19,365
Total notional value	**10,862**	**8,503**	**19,365**
Credit derivative products used for intermediation			
Credit default swaps	-	-	-
Total return swaps	-	-	-
Total notional value			
Total credit derivative notional value	**10,862**	**8,503**	**19,365**

Chapter 6 – Securitisation

Table 12 Securitisation disclosures

Definition of securitisation

A securitisation is a financial structure where the cash flow from a pool of assets is used to service obligations to at least two different tranches or classes of creditors, typically holders of debt securities, with each class or tranche reflecting a different degree of credit risk. This stratification of credit risk means that one class of creditors is entitled to receive payments from the pool before another class.

Securitisations may be categorised as:

- Traditional securitisations, where legal ownership of the underlying asset pool is transferred to investors, with principal and interest paid from realisation of or regular cash flows from the assets. The Special Purpose Vehicle (SPV) assets are insulated from bankruptcy of the seller or servicer.

- Synthetic securitisations, where credit risk is transferred to a third party, but legal ownership of the underlying assets remain with the originator e.g., by using credit derivatives or guarantees.

Securitisation of ANZ-originated assets

ANZ (including Suncorp Bank) adopts securitisation as a funding, capital and liquidity management tool using assets it has originated. This may involve the transfer of credit risk and thereby provide regulatory capital relief. ANZ also operates a self-securitisation program, backed by a pool of residential mortgages, which forms part of the Bank's liquidity arrangements by providing access to government sponsored facilities.

For these securitisation programs, ANZ will undertake roles including as the originator, sponsor, servicer and trust manager. ANZ may retain an exposure to these securitisation programs (including as facility provider and swap provider), consistent with the roles described below in 'Third Party Securitisation Activities' and facilities provided as described below in 'Risk Management'.

Covered bond transactions, whereby bonds issued by ANZ are secured by assets held in a special purpose vehicle, are not securitisation exposures.

Third-Party Securitisation Activities

ANZ's involvement with securitisation of third-party originated assets, including residential mortgages, auto and equipment loans and trade receivables, comprises of:

- Provision of facilities – this may include providing facilities to securitisation vehicles in the form of funding facility provider and interest rate swap provider. Funding may be provided via an ANZ-sponsored securitisation vehicle which is consolidated in the Bank's financial statements, to certain clients wishing to access securitisation.
- Services to securitisation programs may include structuring and arranging services and distributing securities.
- Investment in securities – ANZ may purchase notes issued by securitisation programs.

For any assets ANZ has securitised or for SPVs that ANZ sponsors, any role provided by ANZ or its subsidiaries is subject to market based terms and conditions, and ANZ's normal approval and review processes. Further, any securitisation exposures retained by ANZ or its affiliated entities are subject to ANZ's normal approval and review processes as well as satisfying the requirements under APS 120: Securitisation.

Governance and Risk Management

Similar to other exposures, securitisation exposures are subject to credit, market, operational liquidity and compliance risks. Governance of securitisation activities is managed in accordance with ANZ's established risk management framework, including the credit risk and market risk frameworks described in Chapters 5 and 7. Roles and responsibilities are clearly outlined in the Bank's policies and procedures, including:

- Appropriate risk management systems to identify, measure, monitor and manage the risks arising from its involvement in securitisation exposures;

- Impact of ANZ's involvement in securitisation exposures on its risk profile; and

- How ANZ ensures that it does not provide any implicit support to securitisations with ANZ originated assets.

Funding third-party originated exposures and investment in securities are via balance sheet funded arrangements where such arrangements satisfy ANZ's credit, due diligence and other business requirements.

Many functions within ANZ are involved in securitisation activities given the range of activities undertaken and risks that need to be managed. For origination and structuring of securitisation transactions, ANZ has a specialist securitisation team with independent Risk personnel overseeing operations. Credit decisions require joint approval by the business unit and respective independent credit risk officer. The securitisation team must be involved in all non-trading securitisation transactions across ANZ, which ensures consistent expert treatment. Where ANZ invests in instruments issued by securitisation programs, oversight of these exposures by securitisation specialists continue until the securitisation exposures are repaid in full or sold.

All facilities provided to our investments in securitisation programs (across both the banking and trading books) undergo initial and ongoing due diligence in line with requirements outlined by APRA. This includes analysing the risk characteristics of the securitisation exposure, structure of the transaction and monitoring performance of the underlying assets of the transaction. In addition, such securitisation exposures are formally reviewed at least annually with credit discretions being exercised.

Risk reporting of securitisation exposures

Credit risk management information systems, reporting and analysis are managed centrally for all securitisation exposures. In addition to the formal credit review process for ANZ's securitisation exposures, internal reporting to the appropriate Risk and management functions provides oversight at the portfolio level. These reports include securitisation program performance, EAD, portfolio mix, and RWA.

The use and treatment of Credit Risk Mitigation (CRM) techniques with respect to securitisation exposures is assessed on a case-by-case basis in a manner consistent with the bank-wide CRM methodology[25].

Regulatory capital approaches

For securitisation exposures held in ANZ's banking book[26], ANZ adopts a Standardised approach (as outlined in APS 120: Securitisation) to determine the credit risk regulatory capital charge via a hierarchy of approaches.

The primary rating approach is the External Ratings Based Approach (ERBA). For externally rated securitisation exposures that satisfy the operational requirements for external credit assessments, ANZ calculates credit risk regulatory capital based upon the ratings assigned by Standard & Poor's, Moody's Investor Services and/or Fitch Ratings as appropriate, seniority of the securitisation exposure and the tenor of the securitisation exposure.

If ERBA is not applicable, ANZ adopts the Supervisory Formula Approach (SFA) for securitisation exposures. In this case, the credit risk regulatory capital calculation takes into account the type and performance of the underlying assets of the securitisation and the credit support provided to the securitisation exposure.

Under APRA's new capital framework, ANZ's New Zealand banking subsidiaries regulated by the Reserve Bank of New Zealand (RBNZ) are required to calculate capital requirements for any securitisation exposures held using the RBNZ's prudential framework rather than APRA's framework. These exposures are included in the exposures of New Zealand banking subsidiaries in Table 6 rather than in Table 12.

In relation to securitisation of ANZ originated assets, where:

- the significant credit risk transfer requirements have been satisfied under APS 120, ANZ is not required to hold credit risk regulatory capital for the underlying assets of the securitisation, however credit risk regulatory capital is calculated for the facilities provided to the securitisation;
- in absence of significant credit risk transfer being satisfied under APS 120, ANZ holds credit risk regulatory capital for the underlying assets of the securitisation however the credit risk regulatory capital for facilities provided to the securitisation is not required to be calculated.

[25] For example, various types of analysis including quantitative analysis of credit enhancements are performed for non-externally rated transactions. Factors such as geography, facility/transaction type and ANZ's role will determine the applicable CRM techniques to apply.

[26] Exposures are classified into either the trading book or the banking book. In general terms, the trading book consists of positions in financial instruments and commodities held with trading intent or in order to hedge other elements of the trading book, and the banking book contains all other exposures. Banking book exposures are typically held to maturity, in contrast to the shorter term, trading nature of the trading book.

Chapter 7 outlines regulatory capital treatment for securitisation exposures held in ANZ's trading book. In addition, the operational requirements for the recognition of external credit assessments outlined in APS 120 also apply to these exposures.

Accounting policies

A key consideration in determining the treatment of transactions involving ANZ assets is whether the securitisation special purpose vehicles (SPVs) should be consolidated under AASB 10: Consolidated Financial Statements. If these SPVs meet the criteria for consolidation, the assets remain on the balance sheet of ANZ's consolidated financial statements and are classified and valued in accordance with AASB 9: Financial Instruments. Currently, transfers to securitisation SPVs are treated as financing transactions in the separate financial statements of ANZBGL because it retains substantially all of the risks and rewards of assets transferred to the SPVs.

Securitisation services based on customer's generated assets include warehouse and term fund facilities which are treated as loans.

For synthetic securitisations of ANZ-originated assets, any transferred credit exposure is recognised through the fair value measurement of the credit derivative established within the structure.

Full details of the principal accounting policies governing ANZ's securitisation activities are outlined in ANZBGL's 2024 Annual Report, Notes to the Financial Statements. These include the valuation, derecognition, consolidation and income recognition principles outlined in the accounting policies and key judgements and estimates disclosures in each relevant note. Note 27 – Structured Entities and Note 28 – Transfers of Financial Assets also provides details about the nature of ANZ's securitisation activities and certain accounting policies as they specifically apply to these activities. There have been no changes to the application of accounting policies in relation to securitisation activities since the prior year.

To the extent that ANZ has exposures intended to be securitised, they could reside in either the banking or trading book.

To the extent that ANZ has entered into contractual arrangements that could require it to provide financial support for securitised assets e.g. liquidity facilities, these are recognised in accordance with the accounting policies set out in ANZBGL's 2024 Annual Report.

Banking Book

Table 12(g): Banking Book: Traditional and synthetic securitisation exposures

	Sep 24		
Traditional securitisations			
Underlying asset	**ANZ Originated $M**	**ANZ Self Securitised $M**	**ANZ Sponsored $M**
Residential mortgage	3,623	80,653	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**3,623**	**80,653**	**-**

Synthetic securitisations			
Underlying asset	**ANZ Originated $M**	**ANZ Self Securitised $M**	**ANZ Sponsored $M**
Residential mortgage	-	-	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**-**	**-**	**-**

Aggregate of traditional and synthetic securitisations			
Underlying asset	**ANZ Originated $M**	**ANZ Self Securitised $M**	**ANZ Sponsored $M**
Residential mortgage	3,623	80,653	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**3,623**	**80,653**	**-**

Table 12(g): Banking Book: Traditional and synthetic securitisation exposures (continued)

Mar 24

Traditional securitisations **Underlying asset**	**ANZ Originated $M**	**ANZ Self Securitised $M**	**ANZ Sponsored $M**
Residential mortgage	777	68,986	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**777**	**68,986**	**-**

Synthetic securitisations **Underlying asset**	**ANZ Originated $M**	**ANZ Self Securitised $M**	**ANZ Sponsored $M**
Residential mortgage	-	-	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total			

Aggregate of traditional and synthetic securitisations **Underlying asset**	**ANZ Originated $M**	**ANZ Self Securitised $M**	**ANZ Sponsored $M**
Residential mortgage	777	68,986	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**777**	**68,986**	**-**

Sep 23

Traditional securitisations **Underlying asset**	**ANZ Originated $M**	**ANZ Self Securitised $M**	**ANZ Sponsored $M**
Residential mortgage	865	68,901	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**865**	**68,901**	**-**

Synthetic securitisations **Underlying asset**	**ANZ Originated $M**	**ANZ Self Securitised $M**	**ANZ Sponsored $M**
Residential mortgage	-	-	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total			

Aggregate of traditional and synthetic securitisations **Underlying asset**	**ANZ Originated $M**	**ANZ Self Securitised $M**	**ANZ Sponsored $M**
Residential mortgage	865	68,901	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**865**	**68,901**	**-**

Table 12(h): Banking Book: Impaired and Past due loans relating to ANZ originated securitisations

	Sep 24			
Underlying asset	**ANZ originated $M**	**ANZ Self Securitised $M**	**Non-performing $M**	**Losses recognised for the six month ended $M**
Residential mortgage	3,623	80,653	201	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	**3,623**	**80,653**	**201**	**-**

	Mar 24			
Underlying asset	**ANZ originated $M**	**ANZ Self Securitised $M**	**Non-Performing $M**	**Losses recognised for the six month ended $M**
Residential mortgage	777	68,986	24	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	**777**	**68,986**	**24**	-

	Sep 23			
Underlying asset	**ANZ originated $M**	**ANZ Self Securitised $M**	**Non-Performing $M**	**Losses recognised for the six month ended $M**
Residential mortgage	865	68,901	21	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	**865**	**68,901**	**21**	-

Table 12(i): Banking Book: Total amount of outstanding exposures intended to be securitised

No assets from ANZ's Banking Book were intended to be securitised as at the reporting date.

Table 12(j): Banking Book: Securitisation - Summary of current period's activity by underlying asset type and facility [27]

	Sep 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	2,846	11,667	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	**2,846**	**11,667**	**-**	**-**

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)	60
Other	3,015
Total	**3,239**

	Mar 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	(89)	85	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	**(89)**	**85**	**-**	**-**

Securitisation activity by facility provided	Notional amount $M
Liquidity facilities	-
Funding facilities	940
Underwriting facilities	-
Lending facilities	-
Credit enhancements	-
Holdings of securities (excluding trading book)	(210)
Other	15
Total	**745**

[27] Activity represents net movement in outstandings.

Table 12(j): Banking Book: Securitisation - Summary of current period's activity by underlying asset type and facility (continued)

	Sep 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	(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**

Table 12(k): Banking Book: Securitisation - Regulatory credit exposures by exposure type

Securitisation exposure type - On balance sheet	Sep 24 $M	Mar 24 $M	Sep 23 $M
Liquidity facilities	-	-	-
Funding facilities	11,000	9,558	9,886
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities (excluding trading book)	1,920	1,859	2,070
Protection provided	-	-	-
Other	216	157	92
Total	**13,136**	**11,574**	**12,048**

Securitisation exposure type - Off Balance Sheet	Sep 24 $M	Mar 24 $M	Sep 23 $M
Liquidity facilities	52	8	10
Funding facilities	2,203	4,095	3,191
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities (excluding trading book)	-	-	-
Protection provided	-	-	-
Other	-	-	-
Total	**2,255**	**4,103**	**3,201**

Total Securitisation exposure type	Sep 24 $M	Mar 24 $M	Sep 23 $M
Liquidity facilities	52	8	10
Funding facilities	13,203	13,653	13,077
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities (excluding trading book)	1,920	1,859	2,070
Protection provided	-	-	-
Other	216	157	92
Total	**15,391**	**15,677**	**15,249**

Table 12(l) part (i): Banking Book: Securitisation - Regulatory credit exposures by risk weight band

	Sep 24		Mar 24		Sep 23	
Securitisation risk weights	**Regulatory credit exposure $M**	**Risk weighted assets $M**	**Regulatory credit exposure $M**	**Risk weighted assets $M**	**Regulatory credit exposure $M**	**Risk weighted assets $M**
≤ 25%	15,396	2,445	15,665	2,473	15,249	2,406
>25 ≤ 35%	-	-	-	-	-	-
>35 ≤ 50%	-	-	-	-	-	-
>50 ≤ 75%	12	7	12	8	-	-
>75 ≤ 100%	-	-	-	-	-	-
>100 ≤ 650%	-	-	-	-	-	-
1250% (Deduction)	-	-	-	-	-	-
Total	**15,408**	**2,452**	**15,677**	**2,481**	**15,249**	**2,406**

	Sep 24		Mar 24		Sep 23	
Resecuritisation risk weights	**Regulatory credit exposure $M**	**Risk weighted assets $M**	**Regulatory credit exposure $M**	**Risk weighted assets $M**	**Regulatory credit exposure $M**	**Risk weighted assets $M**
≤ 25%	-	-	-	-	-	-
>25 ≤ 35%	-	-	-	-	-	-
>35 ≤ 50%	-	-	-	-	-	-
>50 ≤ 75%	-	-	-	-	-	-
>75 ≤ 100%	-	-	-	-	-	-
>100 ≤ 650%	-	-	-	-	-	-
1250% (Deduction)	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**

	Sep 24		Mar 24		Sep 23	
Total Securitisation risk weights	**Regulatory credit exposure $M**	**Risk weighted assets $M**	**Regulatory credit exposure $M**	**Risk weighted assets $M**	**Regulatory credit exposure $M**	**Risk weighted assets $M**
≤ 25%	15,396	2,445	15,665	2,473	15,249	2,406
>25 ≤ 35%	-	-	-	-	-	-
>35 ≤ 50%	-	-	-	-	-	-
>50 ≤ 75%	12	7	12	8	-	-
>75 ≤ 100%	-	-	-	-	-	-
>100 ≤ 650%	-	-	-	-	-	-
1250% (Deduction)	-	-	-	-	-	-
Total	**15,408**	**2,452**	**15,677**	**2,481**	**15,249**	**2,406**

Table 12(l) part (ii): Banking Book: Securitisation - Aggregate securitisation exposures deducted from Capital

No longer required under Basel III; defaulted exposures are given a risk weight of 1250% and no longer deducted from Capital.

Table 12(m): Banking Book: Securitisations subject to early amortisation treatment

ANZ does not have any Securitisations subject to early amortisation treatment or using Standardised approach.

Table 12(n): Banking Book: Resecuritisation - Aggregate amount of resecuritisation exposures retained or purchased

ANZ does not have any retained or purchased Resecuritisation exposures.

Trading Book

Table 12(o): Trading Book: Traditional and synthetic securitisation exposures

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

Table 12(p): Trading Book: Total amount of outstanding exposures intended to be securitised

No assets from ANZ's Trading Book were intended to be securitised as at the reporting date.

Table 12(q): Trading Book: Securitisation - Summary of current year's activity by underlying asset type and facility

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

Table 12(r): Trading Book: Traditional and synthetic securitisation exposures

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

Table 12(s): Trading Book: Securitisation – Regulatory credit exposures by exposure type

ANZ does not have any Regulatory credit exposures by exposure type.

Table 12(t)(i) & Table 12(u)(i): Trading Book: Aggregate securitisation exposures subject to Internal Models Approach (IMA) and the associated Capital requirements

ANZ does not have any Securitisation exposures subject to Internal Models Approach.

Table 12(t)(ii) & Table 12(u)(ii): Trading Book: Aggregate securitisation exposures subject to APS 120 and the associated Capital requirements

ANZ does not have any aggregate Securitisation exposures subject to APS120 and the associated Capital requirements.

Table 12(u)(iii): Trading Book: Securitisation - Aggregate securitisation exposures deducted from Capital

ANZ does not have any Securitisation exposures deducted from Capital.

Table 12(v): Trading Book: Securitisations subject to early amortisation treatment

ANZ does not have any Securitisation exposures subject to early amortisation or using Standardised approach.

Table 12(w): Trading Book: Resecuritisation - Aggregate amount of resecuritisation exposures retained or purchased

ANZ does not have any retained or purchased Resecuritisation exposures.

Chapter 7 – Market risk

Table 13 Market risk – Standard approach

ANZ uses the standard model approach to measure market risk capital for specific risk[28] (APRA does not currently permit Australian banks to use an internal model approach for this). Suncorp Bank also uses the standard model approach to measure market risk.

Table 13(b): Market risk – Standard approach [29]

	Sep 24 $M	Mar 24 $M	Sep 23 $M
Interest rate risk	125	156	114
Equity position risk	-	-	-
Foreign exchange risk	2	-	-
Commodity risk	-	-	-
Total	**127**	**156**	**114**
Risk Weighted Assets equivalent	**1,588**	**1,950**	**1,425**

[28] Specific risk is the risk that the value of a security will change due to issuer-specific factors. It applies to interest rate and equity positions related to a specific issuer.

[29] RWA equivalent is the capital requirement multiplied by 12.5 in accordance with APS 110.

Table 14 Market risk – Internal models approach

Definition and scope of market risk

Market Risk stems from ANZ's trading and balance sheet activities and is the risk to ANZ's earnings or economic value arising from changes in interest rates, foreign exchange rates, credit spreads, volatility, correlations or from fluctuations in bond, commodity or equity prices.

Market risk management of IRRBB is described in Chapter 10 and is excluded from this Chapter.

Regulatory approval to use the Internal Models Approach

ANZ has been approved by APRA to use the Internal Models Approach (IMA) under APS 116 Capital Adequacy: Market Risk for general market risk and under APS 117 Capital Adequacy: Interest Rate Risk in the Banking Book (Advanced ADIs) for interest rate risk in the banking book (IRRBB). Suncorp Bank has not been approved by APRA to use the IMA approach and uses the standard model approach for both APS 116 and APS 117.

Governance of market risk

The Board Risk Committee supervision of market risk is supported by the Credit and Market Risk Committee (CMRC). CMRC is responsible for the oversight and control of credit, market, insurance and material financial risks across the ANZ Group and meets at least monthly.

The Market Risk function is a specialist risk management unit independent of the business that is responsible for:

- Designing and implementing policies and procedures to ensure market risk exposures are managed within the appetite and limit framework set by the Board.
- Measuring and monitoring market risk exposures and approving counterparty and associated risks.
- The ongoing effectiveness and appropriateness of the risk management framework.

Traded Market Risk

Traded Market Risk is the risk of loss from changes in the value of financial instruments due to movements in price factors for both physical and derivative trading positions. Trading positions arise from transactions where ANZ acts as principal with customers, financial exchanges or inter-bank counterparties.

The Traded, Foreign Exchange and Commodity Market Risk Policy and accompanying procedures (together the "TFC Framework") governs the management of traded market risk and its key components include:

- A clear definition of the trading book.
- A comprehensive set of requirements that promote the proactive identification and communication of risk.
- A robust Value at Risk (VaR) quantification approach supplemented by comprehensive stress testing.
- A comprehensive limit framework that controls all material market risks.
- An independent Market Risk function with specific responsibilities.
- Regular and effective reporting of market risk to executive management and the Board.

Non-Traded Market Risk

Non-Traded Market Risk is the market risk associated with the management of non-traded interest rate risk, liquidity risk and foreign exchange exposures from the Group's foreign currency capital and earnings.

Included in Non-Traded Market risk is Interest Rate Risk in the Banking Book (IRRBB). This is the risk of loss arising from adverse changes in the overall and relative level of interest rates for different tenors, differences in the actual versus expected net interest margin, and the potential valuation risk associated with embedded options in financial instruments and bank products.

In quantifying risk, all material market risk factors need to be identified and reflected within the risk measurement approach. Non-traded market risk (or balance sheet risk) comprises the management of non-traded interest rate risk, liquidity risk, and foreign exchange exposures from the Group's foreign currency capital and earnings.

ANZ has a detailed market risk management and control framework, to support its balance sheet activities, which incorporates an independent risk measurement approach to quantify the magnitude of market risk within the trading and balance sheet portfolios. This approach, along with related analysis, identifies the range of possible outcomes that can be expected over a given period of time, and establishes the likelihood of those outcomes and allocates an appropriate amount of capital to support these activities.

Markets Risk is a specialist risk management unit independent of the business that is responsible for measuring and monitoring market risk. Markets Risk has implemented policies and procedures to keep ANZ's market risk exposures managed within the appetite and limit framework set by the Board.

Measurement of Traded Market Risk

ANZ's traded market risk management framework incorporates a risk measurement approach to quantify the magnitude of market risk within trading books. This approach and related analysis identify the range of possible outcomes that can be expected over a given period of time and establishes the relative likelihood of those outcomes.

ANZ's key tools to measure and manage traded market risk on a daily basis are VaR, sensitivity measures and stress tests. VaR is calculated using a historical simulation with a 500-day observation period for standard VaR, and a one-year stressed period for stressed VaR. Traded VaR is calculated at a 99% confidence level for one and ten-day holding periods for Standard VaR, and a ten-day holding period for stressed VaR. All material market risk factors and all trading portfolios are captured within the VaR model, with the exception of specific risk for interest rates, equity trading, for which capital is calculated using the Standardised approach.

ANZ also undertakes a wide range of stress tests on the Group trading portfolio and to individual trading portfolios. Standard stress tests are applied daily measuring the potential loss that could arise from the largest market movements observed since 2008 over specific holding periods. Holding periods used to calculate stress parameters differ and reflect the relative liquidity of each product type. Results from stress testing on plausible severe scenarios are also calculated daily.

VaR and stress tests are supplemented by loss limits and detailed control limits. Loss limits are designed to ensure that in the event of continued losses from a trading activity, the trading activity is stopped and senior management reviews before trading resumed. Where necessary, detailed control limits such as sensitivity or position limits are also in place to ensure appropriate control is exercised over a specific risk or product.

Comparison of VaR estimates to gains/losses

Back testing involves comparing VaR calculations with corresponding profit and loss to identify how often trading losses exceed the calculated VaR. For APRA back testing purposes, VaR is calculated at the 99% confidence interval with a one-day holding period.

Back testing is conducted daily, and outliers are analysed to determine whether they are the result of trading decisions, systemic changes in market conditions or issues related to the VaR model (historical data or model calibration).

ANZ uses actual and hypothetical profit and loss data. Hypothetical data is designed to remove the impacts of intraday trading and sales margins. It is calculated as the difference between the value of the prior day portfolio at prior day closing rates and the value at current day closing rates. Markets Finance calculates actual profit and loss while Market Risk calculates hypothetical profit and loss.

The below disclosure table excludes Suncorp Bank as there are only 2 months VaR impacts post-acquisition. Suncorp Bank traded market risk is not material and not disclosed separately.

Table 14(f): Value at Risk (VaR) and stressed VaR over the reporting period [30]

	Six months ended Sep 24			
99% 1 Day Value at Risk (VaR)	**Mean $M**	**Maximum $M**	**Minimum $M**	**Period end $M**
Foreign Exchange	5.6	11.5	3.2	3.2
Interest Rate	7.8	17.6	4.9	6.4
Credit	6.6	7.9	5.2	5.7
Commodity	2.7	4.4	1.8	3.3
Equity	-	-	-	-

	Six months ended Mar 24			
99% 1 Day Value at Risk (VaR)	**Mean $M**	**Maximum $M**	**Minimum $M**	**Period end $M**
Foreign Exchange	4.4	8.2	2.2	4.2
Interest Rate	9.6	18.9	5.9	14.6
Credit	6.7	8.1	4.2	7.7
Commodity	3.2	5.0	2.3	3.0
Equity	-	-	-	-

	Six months ended Sep 23			
99% 1 Day Value at Risk (VaR)	**Mean $M**	**Maximum $M**	**Minimum $M**	**Period end $M**
Foreign Exchange	3.3	6.2	2.1	2.8
Interest Rate	8.5	15.3	5.0	6.6
Credit	5.0	7.7	3.2	5.9
Commodity	2.9	4.9	1.8	4.0
Equity	-	-	-	-

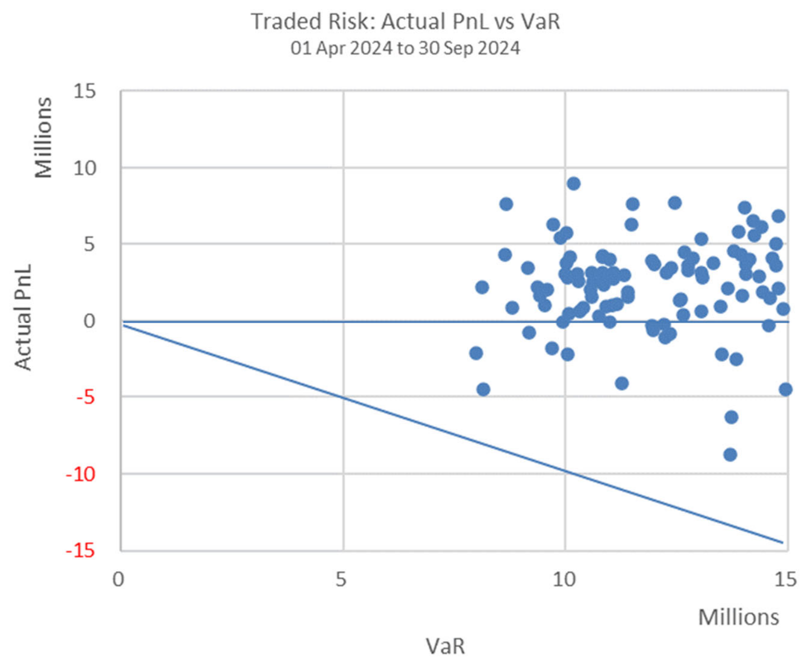
	Six months ended Sep 24			
99% 10 Day Stressed VaR	**Mean $M**	**Maximum $M**	**Minimum $M**	**Period end $M**
Foreign Exchange	42.9	95.5	18.2	39.1
Interest Rate	68.1	92.8	45.7	74.0
Credit	37.2	43.6	30.0	34.1
Commodity	20.4	30.4	14.2	28.3
Equity	-	-	-	-

	Six months ended Mar 24			
99% 10 Day Stressed VaR	**Mean $M**	**Maximum $M**	**Minimum $M**	**Period end $M**
Foreign Exchange	34.1	76.7	12.9	44.9
Interest Rate	71.0	120.9	39.9	62.2
Credit	35.4	46.3	27.6	37.8
Commodity	35.5	56.8	14.9	20.0
Equity	-	-	-	-

	Six months ended Sep 23			
99% 10 Day Stressed VaR	**Mean $M**	**Maximum $M**	**Minimum $M**	**Period end $M**
Foreign Exchange	27.3	77.4	9.7	15.1
Interest Rate	82.1	157.8	36.7	38.8
Credit	28.8	37.8	19.4	32.2
Commodity	23.9	37.0	11.8	37.0
Equity	-	-	-	-

[30] The Foreign exchange VaR excludes foreign exchange translation exposures outside of the trading book.

Comparison of VaR estimates with actual gains/losses experienced.



Reporting of Traded Market Risk

Market Risk reports the result of daily VaR and stress testing results to senior management in Market Risk and the Markets business. Market Risk will escalate details of any limit breach to the appropriate discretion holder within Market Risk and to Group Risk, and reports to the CMRC each month.

Market Risk monitors and analyses back testing results daily and reports results to the CMRC quarterly.

As highlighted in the chart above, when using actual profit and loss data, back-testing exceptions for the Trading Book have been as expected over the past year. Given the extreme market volatility, there have been a larger number of exceptions when using hypothetical profit and loss data and this has required the addition of a plus factor for market risk capital purposes.

Mitigation of market risk

The Market Risk team's responsibilities, including the reporting and escalation processes described above, are fundamental to how market risk is managed. Market Risk has a presence in all the major dealing operations centres in Australia, New Zealand, Asia, Europe and America.

Commodities risk

Commodity price risk arises as a result of movement in prices or the implied volatilities of various commodities. All exposures are transferred to the trading book centrally managed by the Markets business and monitored by Market Risk in accordance with the TFC framework.

Foreign exchange risk

Foreign exchange risk arises as a result of movements in values or the implied volatilities of exchange rates.

Exposures from ANZ's normal operating business and trading activities are recorded in core multi-currency systems and managed within the trading book in accordance with the TFC framework.

Structural exposures from foreign investments and capital management activities are managed in accordance with policies approved by the Board Risk Committee, with the main objective of ensuring that ANZ's capital ratio is largely protected from changes in foreign exchange. As at 30 September 2024, ANZ's investment in ANZ Bank New Zealand Limited is the main source of the structural foreign exchange exposure.

Chapter 8 – Non-Financial Risk

Table 15 Non-Financial Risk

Definition of Non-Financial Risk

Non-Financial Risk (NFR) is the risk of loss and/or non-compliance (including failure to act in accordance with laws, regulations, industry standards and codes, and internal policies) resulting from inadequate or failed internal processes, people, system and/or data, or from external events. This includes Operational Risk and the risk of reputation loss but excludes Strategic Risk.

ANZ's Non-Financial Risk framework has been designed to enable ANZ to holistically, consistently and effectively identify, assess, remediate, monitor and report on Non-Financial Risk.

The Non-Financial Risk Framework includes:

- The Non-Financial Risk Taxonomy which has 16 Risk Themes, with 5 Risk Themes identified as presenting a greater inherent risk to the ANZ (Conduct, Data, Financial Crime, Information Security (including Cyber), and Technology) are subject to a higher degree of oversight.

- Non-Financial Risk Operating Model with 7 discrete Non-Financial Risk role types, with clearly articulated accountabilities and responsibilities across 3 Lines of Defence, covering end-to-end NFR management lifecycle activities to ensure NFR is effectively managed within risk appetite.

ANZ uses the Standardised Measurement Approach (SMA) for calculation of Operational Risk capital requirements under APS 115 Capital Adequacy: Standardised Measurement Approach to Operational Risk. This methodology applies across all of ANZ. For the purposes of RBNZ capital adequacy, ANZ Bank New Zealand Ltd uses Reserve Bank of New Zealand standardised approach to Operational Risk capital calculation.

Non-Financial Risk governance and structure

The primary responsibilities for Non-Financial Risk are vested by the ANZ Group Risk Management Strategy, in the Board Risk Committee and Operational Risk Executive Committee. Each of the duties of these committees stated in Chapter 2 – Risk appetite and governance, applies to their responsibilities for Non-Financial Risk.

Risk management framework

ANZ operates under the three lines of defence model. Each line of defence has clearly defined roles, responsibilities and escalation paths to support effective risk management at ANZ. The three lines of defence model embeds a culture where risk is everyone's responsibility.

The Divisions and enablement functions, as day-to-day owners of risks and controls, form the **first line** of defence and are responsible for;

- Identification, measurement and effective management of material risks and the related control environment across the business;
- Operation within approved risk appetite and policies; and
- Identification and escalation of risk issues.

The **second line** of defence is comprised of the Risk function. Accountabilities include:

- Undertaking appropriate oversight and independent review and challenge over business activities including consistent implementation of relevant policies and procedures across divisions and functions;
- Working with the first line, developing and maintaining the RMF including setting and monitoring risk appetite limits and tolerances and reviewing any breaches.
- Providing subject matter expertise on relevant policies and procedures to support consistent implementation.

Internal audit is the **third line** of defence and is accountable for:

- Providing independent and objective assurance to management and the ANZ Board regarding the adequacy and compliance with policy and regulatory requirements;
- Performing objective assessments across geographies, divisions, lines of business and processes; and
- Undertaking independent review of the adequacy of relevant policies and procedures.

Collectively Internal Audit, Non-Financial Risk functions and the Business are responsible for monitoring and reporting to Executive Management, the Board, Regulators and others on all matters related to the measurement and management of Non-Financial Risk.

Non-Financial Risk Framework

ANZ's approach to managing Non-Financial Risk is founded on and delivered through:

- ANZ Non-Financial Risk Strategy
- ANZ Non-Financial Risk Policy
- ANZ Non-Financial Risk Framework

Non-Financial Risk mitigation

ANZ seeks to minimise and mitigate NFR by appropriately identifying, acting upon and monitoring those risks in accordance with the relevant policies and procedures. In line with industry practice, ANZ obtains insurance to cover those NFRs where cost-effective premiums can be obtained. In conducting their business, Business units are advised to act as if uninsured and not to use insurance as a guaranteed mitigant for operational risk. ANZ has business continuity, recovery of services from disruption and crisis management plans. The intention of the business continuity and recovery plans is so that critical business functions can be maintained, or restored in a timely fashion, in the event of material disruptions arising from internal or external events. Crisis management planning at Group and country levels supplement business continuity plans in the event of a broader group or country crisis. Crisis management plans include crisis team structures, roles, responsibilities and contact lists, and are subject to testing.

Non-Financial Risk reporting

ANZ uses a global, web based NFR and IT Governance tool that provides ANZ the source of truth and provides transparency of Risk, Controls, Obligations and Events information across ANZ. OREC monitors and oversees at an enterprise level the state of NFR management and takes appropriate actions to manage enterprise risks, incidents and breaches of risk appetite. Where required, risks, incidents and breaches of risk appetite are reported to BRC.

Non-Financial Risk management

ANZ's strategy for evolving NFR management provides a planned and proactive approach to improving ANZ's NFR management, and when implemented will deliver upon three main value drivers:

1. Operate our business well: Through more consistent risk practices, improved data quality, and the right information and insights at the right time.
2. Support the right risk culture: Through a simpler sustainable operating model, clear roles and accountabilities, and uplifted NFR capabilities.
3. Save time & make it simpler: By consolidating NFR systems and tools into one platform, automating manual activities and improving useability.

The NFR strategy is being operationalised through the NFR Framework, which has been designed to enable ANZ to holistically, consistently and effectively identify, assess, remediate, monitor and report on NFR.

The NFR Framework has introduced:

- The NFR Taxonomy, which has 'Risk Themes'. There are a total of 16 Risk Themes.
- The NFR Operating Model, with 7 discrete NFR role types, with clearly articulated accountabilities and responsibilities across the three lines of defence, covering end-to-end NFR management lifecycle activities to ensure NFR is effectively managed within risk appetite. The NFR Operating Model builds upon ANZ's existing 'vertical' (i.e., Division/Function) risk management view and introduces a 'horizontal' (i.e., Risk Themes) view across the ANZ Group.
    - The NFR Operating Model introduces Risk Theme Officer (RTO) accountabilities and responsibilities to monitor the horizontal view and ensure appropriate risk management guiderails, obligations and control objectives coverage across the 16 Risk Themes.
    - Risk Theme Officers provide Risk Owners with SME guidance (i.e. an enterprise inherent Risk Rating view of their Risk Theme) to support the completion of risk assessments.
    - Not all Risk Themes pose the same level of inherent risk to ANZ; therefore, a risk-based approach is taken to the 16 Risk Themes. Those determined to present a greater inherent risk to the ANZ are subject to a higher degree of oversight.

The 16 L1 Risk Themes are:

1. Business Continuity
2. Conduct*
3. Data*
4. External Fraud
5. Financial Crime*
6. Information Security (including Cyber)*
7. Internal Fraud
8. Legal
9. Model
10. People
11. Physical Security
12. Regulatory Risk
13. Statutory Reporting & Tax
14. Third Party
15. Transaction Processing & Execution

16. Technology*

*Risk Themes ANZ considers as presenting a higher inherent risk to the ANZ Group.

ANZ's approach to Operational Risk Capital Adequacy

Group Compliance is accountable for the measurement and allocation of Operational Risk Regulatory Capital within ANZ. Operational Risk Capital is held to protect depositors and shareholders from rare and severe unexpected losses. ANZ maintains and calculates Operational Risk Capital on an annual basis, per APS 115 Capital Adequacy: Standardised Measurement Approach to Operational Risk.

Once calculated, the capital is allocated to divisions and structured to encourage businesses to effectively manage their operational risk exposures by improving controls, reducing losses etc.

Suncorp Bank is a standardised ADI and calculates Operational Risk Capital on an annual basis, per APS 115 Capital Adequacy: Standardised Measurement Approach to Operational Risk. Suncorp Bank has its own Risk Management Framework, Risk Management Strategy, Risk Appetite Statement and supporting suite of policies and procedures to manage NFR. Work is in progress to determine how to best integrate the risk management practises across Suncorp Bank and ANZ.

Chapter 9 – Equities

Table 16 Equities – Disclosures for banking book positions

Definition and categorisation of equity investments held in the banking book

Equity risk is the risk of financial loss arising from the unexpected reduction in value of equity investments not held in the trading book including those of the Group's joint ventures and associates. ANZ's equity exposures in the banking book are primarily categorised as follows:

- Equity investments that are taken for strategic reasons - These transactions represent strategic business initiatives and include ANZ's investments in partnership arrangements with financial institutions in Asia. These investments are undertaken after extensive analysis and due diligence by Group Strategy, internal specialists and external advisors, where appropriate. Board approval is required prior to committing to any investments over delegated authorities, and all regulatory notification requirements are met. Performance of these investments is monitored by both the owning business unit and where appropriate, either Group Strategy or a dedicated investment oversight group to ensure that it is within expectations.
- Equity investments made as the result of a work out of a problem exposure - From time to time, ANZ will take an equity stake in a customer as part of a work out arrangement for problem exposures. These investments are made only where there is no other viable option available and form an immaterial part of ANZ's equity exposures.

Valuation of and accounting for equity investments in the banking book

In line with Group Accounting Policy the accounting treatment of equity investments depends on whether ANZ has significant influence over the investee or not.

Investments in associates

Where significant influence exists, the investment is classified as an Investment in Associate in the financial statements. ANZ adopts the equity method of accounting for associates. ANZ's share of the profit or loss of associates is included in the consolidated income statement. The associate investments are recognised at cost plus ANZ's share of post-acquisition increase or decrease in net assets less accumulated impairment. Interests in associates are reviewed semi-annually for impairment. If an indicator of impairment is identified, their recoverable amount is determined being the higher of their fair value less costs of disposal (FVLCD) (market value for listed entities) or a discounted cash flow methodology to assess value in-use (VIU). If the recoverable amount is less than the carrying value of the investment, an impairment is recorded. As at 30 September 2024 the carrying values of the Group's investments in PT Bank Pan Indonesia (PT Panin) was supported by its FVLCD or VIU. The group fully disposed its interests in AMMB Holdings Berhad (AmBank) in 2024.

Equity instruments held at Fair Value

Where ANZ does not have significant influence over the investee, the instrument is categorised as an investment security and classified as fair value through profit and loss, with changes in fair value recognised in the income statement, unless designated irrevocably on acquisition as fair value through other comprehensive income (FVOCI). If this election is made, gains or losses are recorded in other comprehensive income and are not reclassified from other comprehensive income to profit or loss on disposal of the investment. However, gains or losses may be reclassified within equity.

Table 16(b) and 16(c): Equities – Types and nature of Banking Book investments

Equity investments	Sep 24 $M Balance sheet value	Fair value
Value of listed (publicly traded) equities	2,383	2,416
Value of unlisted (privately held) equities	98	98
Total	**2,481**	**2,514**

Equity investments	Mar 24 $M Balance sheet value	Fair value
Value of listed (publicly traded) equities	2,496	2,132
Value of unlisted (privately held) equities	113	113
Total	**2,609**	**2,245**

Equity investments	Sep 23 $M Balance sheet value	Fair value
Value of listed (publicly traded) equities	3,179	2,900
Value of unlisted (privately held) equities	98	98
Total	**3,277**	**2,998**

Table 16(d) and 16(e): Equities – gains (losses)[31]

Realised gains (losses) on equity investments	Half Year Sep-24 $M	Half Year Mar 24 $M	Half Year Sep 23 $M
Cumulative realised gains (losses) from disposals and liquidations in the reporting period	(213)	(14)	(3)
Cumulative realised losses from impairment and write-downs in the reporting period	-	-	-
	(213)	**(14)**	**(3)**

Unrealised gains (losses) on equity investments	Half Year Sep-24	Half Year Mar-24	Half Year Sep-23
Total unrealised gains (losses)	100	12	(44)
Reversal of prior period unrealised gains (losses) from disposals and liquidations in the reporting period	-	-	-
Total unrealised gains (losses) included in Common Equity Tier 1, Tier 1 and/or Tier 2 capital	**100**	**12**	**(44)**

Table 16(f): Equities Risk Weighted Assets

From 1 January 2013 all banking book equity exposures are deducted from Common Equity Tier 1 capital.

[31] Table 16(d) and Table 16 (e) are reported on an after-tax basis

Chapter 10 – Interest Rate Risk in the Banking Book

Table 17 Interest Rate Risk in the Banking Book

Definition of Interest Rate Risk in the Banking Book (IRRBB)

Interest rate risk in the banking book relates to the potential adverse impact of changes in market interest rates on ANZ's future earnings or economic value. The risk generally arises from:

- **Repricing and yield curve risk** - the risk to earnings or economic value as a result of changes in the overall level of interest rates and/or the relativity of these rates across the yield curve.

- **Basis risk** - the risk to earnings or market value arising from volatility in the interest margin applicable to banking book items.

- **Optionality risk** – the risk to earnings or market value arising from the existence of stand-alone or embedded options in banking book items.

Regulatory capital approach

ANZ has received approval from APRA to use the Internal Model Approach (IMA) for the calculation of regulatory capital for IRRBB, under APS 117 Capital Adequacy: Interest Rate Risk in the Banking Book (Advanced ADIs). Suncorp Bank has not been approved by APRA to use the IMA approach for APS 117.

Governance

The BRC has established a risk appetite for IRRBB and delegated authority to the GALCO to manage the strategic position (capital investment term) and oversee the interest rate risk arising from the repricing of asset and liabilities (mismatch risk) in the banking book. GALCO has delegated the management of this mismatch risk to the Markets business.

Market Risk is the independent function responsible for:

- Designing and implementing policies and procedures to ensure that IRRBB exposure is managed within the limit framework set by the Board Risk Committee.

- Monitoring and measuring IRRBB market risk exposure, compliance with limits and policies.

- Ensuring ongoing effectiveness and appropriateness of the risk management framework.

Risk Management framework

IRRBB is managed under a comprehensive measurement and reporting framework, supported by an independent Market Risk function. Key components of the framework include:

- A comprehensive set of policies that promote proactive risk identification and communication.

- Funds Transfer Pricing framework to transfer interest rate risk from business units so it can be managed by the Markets business and monitored by Market Risk.

- Quantifying the magnitude of risks and controlling the potential impact that changes in market interest rates can have on the net interest income and balance sheet market value of ANZ.

- Regular and effective reporting of IRRBB to executive management and the Board.

Measurement of interest rate risk in the banking book

ANZ uses the following principal techniques to quantify and monitor IRRBB:

- Interest Rate Sensitivity - this is an estimate of the change in economic value of the banking book due to a 1 basis point move in a specific part of the yield curve.
- Earnings at risk (EaR) - this is an estimate of the amount of income that is at risk from interest rate movements over a given holding period, expressed to a 97.5% level of statistical confidence.
- Value at risk (VaR) - this is an estimate of the impact of interest rate changes on the banking book's market value, expressed to a 99% level of statistical confidence for a given holding period.
- Market Value loss limits - this mitigates the potential for embedded losses within the banking book.
- Stress testing - standard extraordinary forward looking and repricing term assumptions tests are used to highlight potential risk which may not be captured by VaR, and how the portfolio might behave under extraordinary circumstances.

The calculations used to quantify IRRBB require assumptions to be made about the repricing term of exposures that do not have a contractually defined repricing date, such as deposits with no set maturity dates, and prepayments. Changes to these assumptions require GALCO approval.

Basis and optionality risks are measured using Monte Carlo simulation techniques, to generate a theoretical worst outcome at a specified confidence level (typically no less than at a 99% level of statistical confidence) less the average outcome.

Reporting of interest rate risk in the banking book

Market Risk analyses the output of ANZ's VaR, EaR and Stress Testing calculations daily. Compliance with the risk appetite and limit framework is reported to CMRC, GALCO and the Board Risk Committee.

ANZ's interest rate risk in the banking book capital requirement

The IRRBB regulatory capital requirements includes a value for repricing and yield curve risk, basis and optionality risks based on a 99% confidence interval, one year holding period and a six-year historical data set.

Embedded losses also make up the capital requirement and are calculated as the difference between the book value and the current economic value of banking book items accounted for on an actual basis.

Results of standard shock scenario

The Basel II framework sets out a standard shock scenario of a 200 basis point parallel shift change in interest rates, in order to establish a comparable test across banks.

Table 17(b) that follows shows the results of this shock by currency of ANZ's banking book exposures.

The below disclosure table excludes Suncorp Bank as there are only 2 months VaR impacts post-acquisition. Suncorp Bank non-traded market risk is not material and not disclosed separately.

Table 17(b): Interest Rate Risk in the Banking Book

	Change in Economic Value		
Standard Shock Scenario Stress Testing:	**Sep 24**	**Mar 24**	**Sep 23**
Interest rate shock applied	**$M**	**$M**	**$M**
AUD			
200 basis point parallel increase	(253)	(344)	(478)
200 basis point parallel decrease	233	317	473
NZD			
200 basis point parallel increase	(119)	(100)	(118)
200 basis point parallel decrease	109	87	105
USD			
200 basis point parallel increase	63	(19)	13
200 basis point parallel decrease	(69)	17	(17)
Other			
200 basis point parallel increase	(72)	(81)	(54)
200 basis point parallel decrease	76	86	62

IRRBB regulatory capital	**1,844**	**2,096**	**2,536**
IRRBB regulatory RWA	**23,052**	**26,200**	**31,703**

IRRBB stress testing methodology

Stress tests within ANZ include standard and extraordinary tests. These tests are used to highlight potential risk which may not be captured by VaR, and how the portfolio might behave under extraordinary circumstances. Standard stress tests include statistically derived scenarios based on historical yield curve movements. These combine parallel shocks with twists and bends in the curve to produce a wide range of hypothetical scenarios at high statistical confidence levels, with the single worst scenario identified and reported. Extraordinary stress tests include interest rate moves from historical periods of stress and potential future scenarios, including behavioural characteristics as well as stresses to assumptions made about the repricing term of exposures. The rate move scenarios include changes over the stressed periods and the worst theoretical losses over the selected period are reported. Stresses of the repricing term assumptions investigate scenarios where actual repricing terms are significantly different to those modelled.

Chapter 11 – Leverage and Liquidity Ratios

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.

At 30 September 2024, the Group's Leverage Ratio of 4.7% was above the 3.5% minimum requirement. Table 18 below shows the Group's Leverage Ratio calculation as at 30 September 2024 and Table 19 summarises the reconciliation of accounting assets and leverage ratio exposure measure at 30 September 2024.

Table 18 Leverage Ratio

		Sep 24 $M	Mar 24 $M	Sep 23 $M
	On-balance sheet exposures			
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	1,110,554	996,723	996,947
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(13,637)	(11,848)	(12,284)
3	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**1,096,917**	**984,875**	**984,663**
	Derivative exposures			
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	17,008	19,038	19,984
5	Add-on amounts for PFE associated with all derivatives transactions	35,373	38,257	31,992
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	5,755	6,657	4,683
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(6,344)	(5,553)	(6,253)
8	(Exempted CCP leg of client-cleared trade exposures)	-	-	-
9	Adjusted effective notional amount of written credit derivatives	16,852	11,322	9,740
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(16,166)	(10,364)	(9,138)
11	**Total derivative exposures**	**52,478**	**59,357**	**51,008**
	Securities financing transaction exposures			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	64,971	58,424	47,840
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(1,647)	(2,666)	(2,159)
14	CCR exposure for SFT assets	1,691	3,237	5,066
15	Agent transaction exposures	-	-	-
16	**Total securities financing transaction exposures**	**65,015**	**58,995**	**50,747**
	Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	279,843	284,606	297,020
18	(Adjustments for conversion to credit equivalent amounts)	(150,116)	(159,712)	(158,719)
19	Off-balance sheet items	**129,727**	**124,894**	**138,301**
	Capital and Total Exposures			
20	**Tier 1 capital**	**62,676**	**66,709**	**66,026**
21	**Total exposures**	**1,344,137**	**1,228,121**	**1,224,719**
	Leverage ratio			
22	**Basel III leverage ratio**	**4.7%**	**5.4%**	**5.4%**

Table 19 Summary comparison of accounting assets vs. leverage ratio exposure measure

		Sep 24 $M	Mar 24 $M	Sep 23 $M
1	Total consolidated assets as per published financial statements	1,229,585	1,090,138	1,106,041
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation.	(758)	(630)	(848)
3	Adjustment for assets held on the balance sheet in a fiduciary capacity pursuant to the Australian Accounting Standards but excluded from the leverage ratio exposure measure	-	-	-
4	Adjustments for derivative financial instruments.	(1,893)	11,876	(9,398)
5	Adjustment for SFTs (i.e. repos and similar secured lending)	1,112	13,691	2,907
6	Adjustment for off-balance sheet exposures (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	129,727	124,894	138,301
7	Other adjustments	(13,637)	(11,848)	(12,284)
	Leverage ratio exposure	**1,344,136**	**1,228,121**	**1,224,719**

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:

- 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;
- ANZGHL (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.

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 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 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 30 September 2024 was 132.4% (30 June 2024: 131.4%) with total liquid assets exceeding net cash outflows by an average of $67.3 billion. Through the period the LCR has remained within the range 128% to 136%. The liquid asset portfolio was made up of on average 43% ($117.8 billion) cash and central bank reserves and 52% ($141.4 billion) HQLA1 securities, with the remaining mainly consisting of HQLA2 securities. The quarter average ending 30 September 2024 includes the consolidation of Suncorp Bank from 31 July 2024.

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 the 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

		Sep 24		Jun 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)		272,530		254,418
2	Alternative liquid assets (ALA)		-		-
3	Reserve Bank of New Zealand (RBNZ) securities		2,734		2,578
	Cash outflows				
4	Retail deposits and deposits from small business customers	298,064	29,134	270,343	26,213
5	of which: stable deposits	138,003	6,900	120,292	6,015
6	of which: less stable deposits	160,061	22,234	150,051	20,198
7	Unsecured wholesale funding	288,824	152,798	274,184	142,869
8	of which: operational deposits (all counterparties) and deposits in networks for cooperative banks	97,264	23,560	94,516	22,857
9	of which: non-operational deposits (all counterparties)	178,711	116,389	168,401	108,745
10	of which: unsecured debt	12,849	12,849	11,267	11,267
11	Secured wholesale funding		924		3,558
12	Additional requirements	204,679	70,899	190,164	64,793
13	of which: outflows related to derivatives exposures and other collateral requirements	46,100	45,647	39,999	39,999
14	of which: outflows related to loss of funding on debt products	-	-	-	-
15	of which: credit and liquidity facilities	158,579	25,252	150,165	24,794
16	Other contractual funding obligations	9,513	750	8,144	-
17	Other contingent funding obligations	129,485	10,284	120,164	8,077
18	Total cash outflows		264,789		245,510
	Cash inflows				
19	Secured lending (e.g. reverse repos)	34,815	1,152	34,345	883
20	Inflows from fully performing exposures	29,139	20,376	27,783	19,639
21	Other cash inflows	35,319	35,319	29,474	29,474
22	Total cash inflows	99,273	56,847	91,602	49,996
23	Total liquid assets		275,264		256,996
24	Total net cash outflows		207,942		195,514
25	Liquidity Coverage Ratio (%)		132.4%		131.4%
	Number of data points used (simple average)		66		65

Net Stable Funding Ratio (NSFR)

ANZ's NSFR as at 30 September 2024 was 116.1% (30 June 2024: 116.2%).

The main sources of Available Stable Funding (ASF) at September 2024 were deposits from Retail and SME customers, at 51%, with other wholesale funding at 28% and capital at 15% of the total ASF.

The majority of ANZ's Required Stable Funding (RSF) at September 2024 was driven by mortgages at 52% and other lending to non-FI customers at 28% of the total RSF.

Table 21 NSFR disclosure template

		Sep 24				
		Unweighted value by residual maturity				
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
	Available Stable Funding (ASF) Item	$M	$M	$M	$M	$M
1	Capital	68,040	-	-	34,279	102,318
2	of which: regulatory capital	68,040	-	-	34,279	102,318
3	of which: other capital instruments	-	-	-	-	-
4	Retail deposits and deposits from small business customers	247,706	139,735	42	-	357,031
5	of which: stable deposits	120,991	44,931	-	-	157,626
6	of which: less stable deposits	126,715	94,804	42	-	199,405
7	Wholesale funding	167,847	344,579	49,615	88,048	242,116
8	of which: operational deposits	94,403	-	-	-	47,201
9	of which: other wholesale funding	73,444	344,579	49,615	88,048	194,915
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities	16,963	12,097	354	3,267	3,444
12	of which: NSFR derivative liabilities		12,097	-	-	
13	of which: All other liabilities and equity not included in the above categories	16,963	-	354	3,267	3,444
14	**Total ASF**					**704,909**
Required Stable Funding (RSF) Item						
15a	Total NSFR (HQLA)					11,015
15b	ALA					-
15c	RBNZ securities					958
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17	Performing loans and securities	12,283	138,593	50,546	635,439	546,238
18	of which: Performing loans to financial institutions secured by Level 1 HQLA	-	56,475	-	-	5,648
19	of which: Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	255	26,477	12,214	41,594	51,927
20	of which: Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and public sector entities (PSEs)	11,583	49,613	33,018	141,128	167,988
21	of which: With a risk weight of less than or equal to 35% under APS 112	-	447	382	15,817	10,696
22	of which: Performing residential mortgages	-	5,253	4,804	446,619	314,471
23	of which: Standard loans to individuals with an LVR of 80% or below	-	4,349	3,944	372,283	250,403
24	of which: Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	445	775	510	6,098	6,204
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	29,599	37,786	390	6,037	39,620
27	of which: Physical traded commodities, including gold	4,417				3,755
28	of which: Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties (CCPs)		5,389	-	-	4,581
29	of which: NSFR derivative assets		11,295	-	-	-
30	of which: NSFR derivative liabilities before deduction of variation margin posted		19,928	-	-	3,986
31	of which: All other assets not included in the above categories	25,182	1,174	390	6,037	27,298
32	Off-balance sheet items		-	-	214,034	9,338
33	**Total RSF**					**607,169**
34	**Net Stable Funding Ratio (%)**					**116.10%**

Table 21 NSFR disclosure template (continued)

		Jun 24				
		Unweighted value by residual maturity				
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
	Available Stable Funding (ASF) Item	$M	$M	$M	$M	$M
1	Capital	68,373	-	-	32,783	101,157
2	of which: regulatory capital	68,373	-	-	32,783	101,157
3	of which: other capital instruments	-	-	-	-	-
4	Retail deposits and deposits from small business customers	242,984	94,591	45	-	310,687
5	of which: stable deposits	117,804	18,761	-	-	129,737
6	of which: less stable deposits	125,180	75,830	45	-	180,950
7	Wholesale funding	176,929	315,086	57,251	75,164	232,557
8	of which: operational deposits	100,237	-	-	-	50,119
9	of which: other wholesale funding	76,692	315,086	57,251	75,164	182,438
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities	18,147	9,814	367	3,949	4,132
12	NSFR derivative liabilities		9,814	-	-	
13	All other liabilities and equity not included in the above categories	18,147	-	367	3,949	4,132
14	**Total ASF**					**648,533**
	Required Stable Funding (RSF) Item					
15(a)	Total NSFR (HQLA)					10,020
15(b)	ALA					-
15(c)	RBNZ securities					888
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17	Performing loans and securities	12,752	148,195	44,650	570,854	499,399
18	of which: Performing loans to financial institutions secured by Level 1 HQLA	-	61,580	1	-	6,158
19	of which: Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	886	32,361	9,702	41,976	52,568
20	of which: Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and public sector entities (PSEs)	11,613	48,438	29,317	131,947	157,479
21	of which: With a risk weight of less than or equal to 35% under APS 112	-	398	374	17,122	11,516
22	of which: Performing residential mortgages	-	4,785	4,611	391,062	276,966
23	of which: Standard loans to individuals with an LVR of 80% or below	-	3,890	3,747	316,536	212,740
24	of which: Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	253	1,031	1,019	5,869	6,228
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	24,630	38,834	1,714	3,978	38,990
27	of which: Physical traded commodities, including gold	2,394				2,035
28	of which: Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties (CCPs)		4,951	-	-	4,209
29	of which: NSFR derivative assets		14,991	-	-	5,177
30	of which: NSFR derivative liabilities before deduction of variation margin posted		18,453	-	-	3,691
31	of which: All other assets not included in the above categories	22,236	439	1,714	3,978	23,880
32	Off-balance sheet items		-	-	203,754	8,914
33	**Total RSF**					**558,212**
34	**Net Stable Funding Ratio (%)**					**116.18%**

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 a counterparty failing to fulfil its obligations, or from a decrease in credit quality of a counterparty resulting in a loss in value.
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.

Internationally Comparable Basel III Capital Ratio	The Internationally Comparable Basel III CET1 ratios are ANZ's interpretation of the regulations documented in the Basel Committee publications; "Basel 3: A global regulatory framework for more resilient banks and banking systems" (June 2011) and "International Convergence of Capital Measurement and Capital Standards" (June 2006). They also include differences identified in APRA's information paper entitled International Capital Comparison Study (13 July 2015).
Market risk	The risk to ANZ's earnings arising from changes in interest rates, foreign exchange rates, credit spreads, volatility, correlations 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 both physical and derivative trading positions. Trading positions arise from transactions where ANZ acts as principal with customers, financial exchanges or inter-bank counterparties. 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 processes, people and systems, 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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