13 November 2023

Market Announcements Office
ASX Limited
Level 4
20 Bridge Street
SYDNEY NSW 2000

Australia and New Zealand Banking Group Limited (ANZBGL)
2023 Annual Report

ANZBGL today released its 2023 Annual Report.

It has been approved for distribution by ANZBGL's Board of Directors.

Yours faithfully

Simon Pordage
Company Secretary
Australia and New Zealand Banking Group Limited

Management commentary
(no financial statements)

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

2023 / ANNUAL REPORT

Management commentary
(no financial statements)

ANZ

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Management commentary
(no financial statements)

OUR 2023 REPORTING SUITE

Annual Report structure

The various elements of the Directors' Report, including the Operating and Financial Review, are covered on pages 1 to 32. Commentary on our performance overview contained on pages 20 to 32 references information reported in the Financial Report pages 75 to 213.

The Remuneration Report on pages 34 to 71 and the Financial Report on pages 75 to 213 have been audited by KPMG.

This report covers all of Australia and New Zealand Banking Group Limited's operations worldwide over which, unless otherwise stated, we had control for the financial year 1 October 2022 to 30 September 2023. Monetary amounts in this document are reported in Australian dollars, unless otherwise stated.

DISCLAIMER & IMPORTANT NOTICES

The material in this report contains general background information about the Group's activities current as at 10th November 2023. It is information given in summary form and does not purport to be complete. It is not intended to be and should not be relied upon as advice to investors or potential investors, and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice, when deciding if an investment is appropriate.

FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements or opinions including statements regarding our intent, belief or current expectations with respect to the Group's business operations, market conditions, results of operations and financial condition, capital adequacy, sustainability objectives or targets, specific provisions and risk management practices. When used in the report, the words 'forecast', 'estimate', 'goal', 'target', 'indicator', 'plan', 'pathway', 'ambition', 'modelling', 'project', 'intend', 'anticipate', 'believe', 'expect', 'may', 'probability', 'risk', 'will', 'seek', 'would', 'could', 'should' and similar expressions, as they relate to the Group and its management, are intended to identify forward-looking statements or opinions. Those statements are usually predictive in character; or may be affected by inaccurate assumptions or unknown risks and uncertainties or may differ materially from results ultimately achieved. As such, these statements should not be relied upon when making investment decisions. These statements only speak as at the date of publication and no representation is made as to their correctness on or after this date. Forward-looking statements constitute 'forward-looking statements' for the purposes of the *United States Private Securities Litigation Reform Act of 1995*. The Group does not undertake any obligation to publicly release the result of any revisions to these forward-looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events.

Management commentary
(no financial statements)

OUR OPERATING ENVIRONMENT

Our operating environment

The environment in which we operate is characterised by a range of conflicting forces.

Economic activity and inflationary pressure have broadly moderated, resulting in an evolving peak in the most aggressive interest rate tightening cycle in more than a decade. This has reduced the risk of a deep recession, but a range of economic outcomes are still possible.

China has tracked a different path, with weak activity and a flirtation with deflation promoting policy easing. Economic activity in China continues to grow, albeit at a slower rate than has been the case in recent decades. The world's second largest economy remains an important source of demand and business activity, even as its slowdown is contributing to businesses and investors examining other opportunities.

Unemployment remains low and immigration has returned to Australia and New Zealand at record rates. These are supporting house price levels and demand for mortgages, even as consumer spending has moderated. Workforce shortages are not as acute, but input costs remain a challenge for many businesses.

On average, household balance sheets are strong and corporates hold high levels of liquidity. In some part this reflects the regulatory efforts of the past 15 years. This has reduced the level of delinquencies in the current interest rate tightening cycle, but also contributed to sustaining demand.

Public sector demand is strong across a range of sectors including infrastructure, defence, and housing. Housing affordability, in particular, has been subject to more vigorous policy action. Many governments are also active in addressing perceived supply chain vulnerabilities and prioritising domestic resilience.

The climate transition has gathered momentum. Over the past year Australia has introduced the safeguard mechanism, New Zealand has agreed methane should be taxed differently from carbon dioxide, the USA introduced the *Inflation Reduction Act* and in Europe the Carbon Border Adjustment Mechanism began administrative operation. This is altering patterns of economic activity, investment, and trade, and creating opportunities and challenges for banks.

Economic outlook

The year ahead is likely to be one of economic consolidation across ANZ's geographies. In Australia and New Zealand we expect somewhat slower growth and only modest movements in interest rates around the peak in the cycle. Consumer spending is likely to remain weak as the full impact of interest rate increases is felt. Demand is also likely to be supported by strong household balance sheets, resilient housing markets, government activity, solid business investment intentions in Australia and strong migration in New Zealand. Modest increases in unemployment and underemployment, while disruptive for the individuals involved, should be sufficient to encourage inflation back towards target without undue delinquency stress. Both ANZ and the Reserve Bank of Australia expect to see inflation back at the top of the band by the end of 2025.

In China, weak demand has been the main challenge. Policy has responded, activity has begun to stabilise and inflation, though there are still deflationary pressures normalise. China's stabilisation will support the region as it copes with the effects of its own tightening cycle and weaker global demand.

Challenges	Our response
Inflationary pressures and higher interest rates	• Assessing borrowers' resilience to rising interest rates • Offering appropriate products and services to customers • Dealing appropriately with customers experiencing financial hardship or in need of extra care • Adjusting our staff salaries appropriately
Public and regulatory scrutiny	• Building trust by 'doing what we say' • Working cooperatively with regulators, government and non-governmental organisations (NGOs) • Continuing to evolve our ESG policies and processes and seek to implement them effectively and transparently disclose our progress
Competitive banking industry	• Deploying new and improved digital services, products and processes to help meet customer needs for efficient and accessible banking • Investing in underlying technology and systems to establish more flexible and responsive platforms (including ANZ Plus and Institutional Payments and Cash Management Platforms)
Cyber-security threats	• Ongoing investment in cyber-security, fraud and scams detection capabilities and raising customer awareness as to the relevant risks
Geopolitical tension	• Contingency plans for our medium-to-higher risk jurisdictions with trigger events identified and monitored
Climate change and nature including biodiversity loss	• Providing sustainable banking and finance products and services, such as green and sustainability-linked loans and bonds, that drive the transition to a low carbon economy • Continuing to evolve our strategy, policies, processes, products and services to seek to manage the risks and opportunities associated with climate change and nature, including biodiversity loss

Management commentary
(no financial statements)

HOW WE
CREATE VALUE

VALUE DRIVERS

Products and services

Loans, transaction banking services, deposits and other financial products developed for our customers.

Finance

Access to capital through customer deposits, debt and equity investors, to support our operations and strategy.

People

Engaged workforce with the skills required to reinvent banking, in line with our purpose and culture.

Technology, data and risk management

Flexible, digital-ready infrastructure to provide a great customer experience, with systems and processes that are less complex, less prone to error and more secure.

Social

Trusted relationships with our customers, business partners and the community to strengthen our brand and reputation.

Environment

Minimising the impact of our operations by:

- The customers we choose to bank
- How we design and distribute our products
- Collaboration with partners.

OUR STRATEGY AND BUSINESS MODEL

To embrace the opportunities, address the risks presented by the external environment and realise our vision, we are pursuing a strategy to create value for all our stakeholders.

CREATING VALUE FOR OUR STAKEHOLDERS

Shareholder value

We generate stronger long-term financial results (in terms of sustainable economic profits) enabling shareholders to meet their goals.

Customer value

Our customers are financially better off over their lifetime and implement more sustainable business practices than others.

Employee value

Our diverse teams are engaged and optimised for success.

Community value

Our practices and services provide more opportunity for the community and we have supported and improved positive economic development and transition.

Management commentary
(no financial statements)

OUR PURPOSE AND STRATEGY

Our purpose is to shape a world where people and communities thrive. It explains 'why' we exist and drives everything we do at ANZ, including the choices we make each day about those we serve and how we operate.

We bring our purpose to life through our strategy: to improve the financial wellbeing and sustainability of customers through excellent services, tools and insights that engage and retain them, and help positively change their behaviour.

IN PARTICULAR, WE WANT TO HELP CUSTOMERS:

Save for, buy and own a liveable home

Start or buy and sustainably grow their business

Move capital and goods around the region and sustainably grow their business

Through our purpose we have elevated three areas facing significant societal challenges aligned with our strategy and our reach which include commitments to:

- Improving the financial wellbeing of our people, customers and communities by helping them make the most of their money throughout their lives;
- Supporting household, business and financial practices that improve environmental sustainability; and
- Improving the availability of suitable and affordable housing options for all Australians and New Zealanders.

We will achieve our strategy through:

- **Propositions** our customers love … with easy-to-use services that evolve to meet their changing needs
- Flexible and resilient digital banking **platforms** … powering our customers and made available for others to power the industry
- **Partnerships** that unlock new value … with ecosystems that help customers further improve their financial wellbeing and sustainability
- Purpose and values-led **people** … who drive value by caring about our customers and the outcomes we create.

Our people listen, learn, adapt and do the right thing the first time - delivering the outcomes that address financial and sustainability challenges.

Our values

Our values shape how we deliver our purpose-led strategy. They are the foundation of 'how' we work – living our values every day enables us to deliver on our strategy and purpose, strengthen stakeholder relationships and earn the community's trust. All employees and contractors must comply with our Code of Conduct, which sets down the expected standards of professional behaviour and guides us in applying our values.

OUR VALUES ARE: I.C.A.R.E

Integrity: We are honest and fair by speaking openly and transparently, making thoughtful and balanced decisions, doing what's right and acting with courage.

Collaboration: We work together for the customer, by getting the right people together to get the job done and helping each other.

Accountability: We take ownership and get things done – we do what we say we will do – find the solutions by testing and learning and act with determination.

Respect: We care for all those we serve. We value difference and encourage everyone to have a voice, think and act with consideration for our customers, community and the environment.

Excellence: We challenge ourselves to be better. This is done by making things simple, finding ways to work differently, using data to improve and asking as well as acting on feedback.

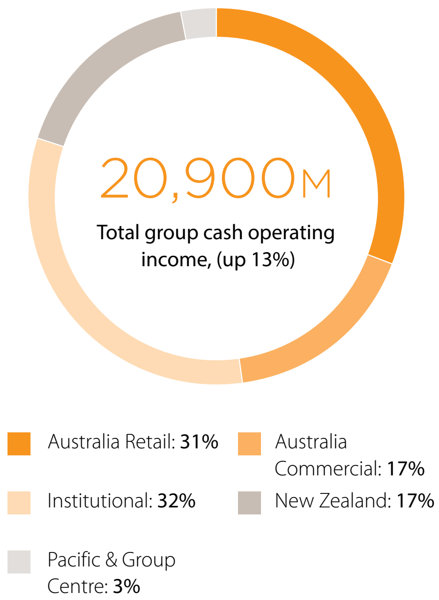
Management commentary
(no financial statements)

ABOUT OUR BUSINESS

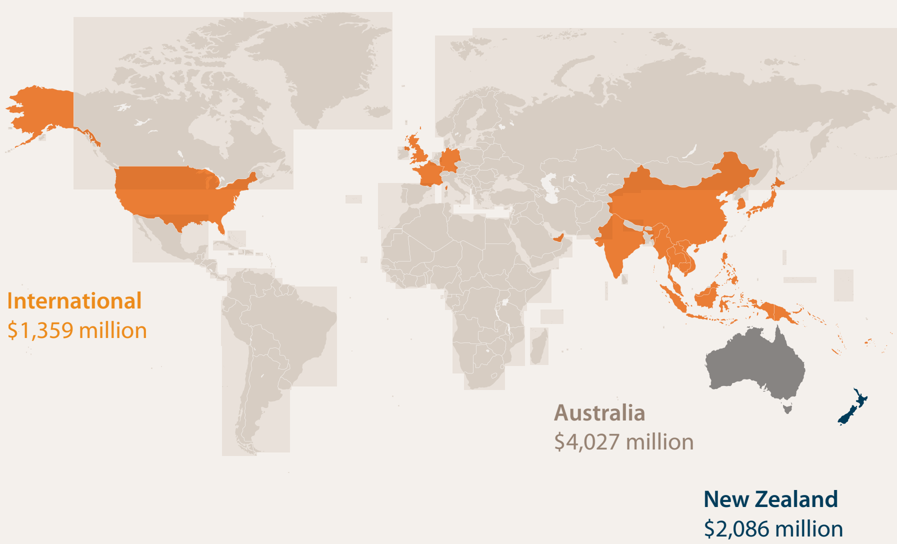
We operate across a diverse business structure:

Australia Retail	Provides a range of banking products and services to Australian consumers.
Australia Commercial	Provides a range of banking products and financial services to small business owners, medium commercial customers, large commercial customers, and high net worth individuals and family groups.
Institutional	Services global institutional and corporate customers, and governments across Australia, New Zealand and International (including Papua New Guinea (PNG)) via Transaction Banking, Corporate Finance and Markets business units.
New Zealand	Provides a range of banking and wealth management products and services to consumer and private banking customers and a range of banking services to business customers.
Pacific	Provides banking products and services to retail and commercial customers (including multi-nationals) and to governments located in the Pacific region (excluding PNG which forms part of the Institutional division).
Group Centre	Provides support to the operating divisions, including technology, property, risk management, financial management, treasury, strategy, marketing, human resources, corporate affairs, and shareholder functions. It also includes minority investments in Asia.

Operating income



Our international presence and earning composition by geography[1]



International

Asia

China
Hong Kong
India
Indonesia
Japan
Laos
Malaysia
The Philippines
Singapore
South Korea
Taiwan
Thailand
Vietnam

Pacific

Cook Islands
Fiji
Kiribati
Papua New Guinea
Samoa
Solomon Islands
Timor–Leste
Tonga
Vanuatu

Europe

France
Germany
United Kingdom

Middle East

United Arab Emirates (Dubai)

United States of America

1. On a cash profit basis. Excludes non-core items included in statutory profit. It is provided to assist readers in understanding the result of the ongoing business activities of the Group. For further information on adjustments between statutory and cash profit refer to page 21.

Management commentary
(no financial statements)

DIRECTORS

As at the date of this report, there are ten members on the Board of Directors of ANZBGL. Their names, positions within ANZBGL and relevant other directorships are described below. Graeme Liebelt ceased as a Non-Executive Director on 15 December 2022, having served on the Board since 2013.

Paul O'Sullivan

Position

Chairman, Independent Non-Executive Director since November 2019

Relevant other directorships

Chairman: ANZGHL (from 2022), Singtel Optus Pty Limited (from 2014, Director from 2004) and Western Sydney Airport Corporation (from 2017). **Director:** St Vincent's Health Australia (from 2019).

Relevant former directorships held in last three years include

Former Director: Telkomsel Indonesia (2010-2020), National Disability Insurance Agency (2017-2020), Coca-Cola Amatil (2017-2021) and Indara Digital Infrastructure (formerly Australian Tower Network Pty Ltd) (2021-2023).

Shayne Elliott

Position

Chief Executive Officer Executive Director since January 2016

Relevant other directorships

Director: ANZGHL (from 2022), ANZ Bank New Zealand Limited (from 2009) and the Financial Markets Foundation for Children (from 2016). **Member:** Business Council of Australia (from 2016), the Australian Banking Association (from 2016, Chairman 2017-2019) and the Australian Customs Advisory Board (from 2020).

Ilana Atlas, AO

Position

Independent Non-Executive Director since September 2014

Relevant other directorships

Chairman: Jawun (from 2017, Director from 2014). **Director:** ANZGHL (from 2022), Scentre Group (from 2021), Origin Energy Limited (from 2021) and Paul Ramsay Foundation (from 2017). **Member:** Council of the National Gallery of Australia (from 2021) and Panel of Adara Partners (from 2015).

Relevant former directorships held in last three years include

Former Chairman: Coca-Cola Amatil Limited (2017-2021, Director from 2011).

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(no financial statements)

Jane Halton, AO PSM

Position

Independent Non- Executive Director since October 2016

Relevant other directorships

Chairman: Coalition for Epidemic Preparedness Innovations (Norway) (from 2018, Member from 2016) and Council on the Ageing Australia (from 2017). **Director:** ANZGHL (from 2022) and Clayton Utz (from 2017). **Member:** Executive Board of the Institute of Health Metrics and Evaluation at the University of Washington (from 2007). **Adjunct Professor:** University of Sydney and University of Canberra. **Honorary Professor:** Australian National University Research School of Psychology. **Council Member:** Australian Strategic Policy Institute (from 2016).

Relevant former directorships held in last three years include

Former Chairman: Vault Systems (2017-2022). **Former Director:** Crown Resorts Limited (2018-2022) and Naval Group Australia Pty Ltd (2021-2022). **Former Member:** National COVID-19 Commission Advisory Board (2020-2021).

Graham Hodges

Position

Non-Executive Director since February 2023

Relevant other directorships

Chairman: Regis Healthcare Limited (Director from 2017, Chairman from 2018). **Director:** Assemble Communities (from 2020).

Relevant former directorships held in last three years include

Director: AmBank Holdings Berhad (2016-2021).

Rt Hon Sir John Key, GNZM AC

Position

Independent Non-Executive Director since February 2018

Relevant other directorships

Chairman: ANZ Bank New Zealand Limited (from 2018, Director from 2017) and Oritain Global Limited (from 2023). **Director:** ANZGHL (from 2022) and Palo Alto Networks (from 2019). **Strategic Advisor:** BHP Group Limited (Australia) (from 2023).

Relevant former directorships held in last three years include

Former Director: Air New Zealand Limited (2017-2020).

Holly Kramer

Position

Independent Non-Executive Director since August 2023

Relevant other directorships

Director: ANZGHL (from 2023), Woolworths Group Limited (from 2016) and Fonterra Co-operative Group Limited (from 2020). **Member:** Board Advisory Group, Bain & Company (from 2021). **Senior Advisor:** Pollination (from 2023). **Pro Chancellor:** Western Sydney University (from 2018).

Management commentary (no financial statements)

Relevant former directorships held in last three years include

Former Chairman: Lendi Group (2020-2021). **Former Deputy Chair:** Australia Post (2015-2020). **Former Director:** Abacus Group Holdings (2018-2022) and Endeavour Group Limited (2021-2023).

John Macfarlane

Position

Independent Non-Executive Director since May 2014

Relevant other directorships

Director: ANZGHL (from 2022), Colmac Group Pty Ltd (from 2014), AGInvest Holdings Ltd (MyFarm Ltd) (from 2014, Chairman 2014-2016), Balmoral Pastoral Investments (from 2017), L1 Long Short Fund Ltd (from 2018) and Aikenhead Centre of Medical Discovery Limited (from 2016).

Relevant former directorships held in last three year include

Former Director: Craigs Investment Partners Limited (2013-2020).

Christine O'Reilly

Position

Independent Non-Executive Director since November 2021

Relevant other directorships

Director: Stockland (from 2018) and BHP Group Limited (from 2020).

Relevant former directorships held in last three years include

Former Director: Medibank Private Limited (2014–2021), CSL Limited (2011–2020), Transurban Group (2012–2020) and The Baker Heart & Diabetes Institute (2013-2023).

Jeff Smith

Position

Independent Non-Executive Director since August 2022

Relevant other directorships

Director: ANZGHL (from 2022), ANZ Group Services Pty Ltd (from 2022), Sonrai Security Inc. (from 2021) and Pexa Australia Limited (from 2023). **Advisor:** Zoom Video Communications, Inc (from 2018), Box, Inc (from 2018), and World Fuel Services (from 2023)).

Management commentary
(no financial statements)

RISK MANAGEMENT

2023 has seen an elevation of geopolitical tensions and continuing uncertainty in the macroeconomic environment. These continue to pose challenges to operating conditions. We recognise that our customers are similarly affected by these, as well as by additional challenges such as adverse weather events. Our risk management framework and practices have continued to evolve to meet such challenges.

External environment

The heightened geopolitical landscape with the ongoing conflicts in Europe and the Middle East, accompanied by the economic challenges relating to higher interest rates, inflation and real cost of living pressures continue to be the main drivers to create uncertainty for many of our customers. While households and businesses have been largely resilient to date, the Board and management continually monitor these developing conditions to set appropriate risk criteria for a range of potential scenarios. We have focused on the following to help support our customers and their financial resilience:

- **Global banking instability** – Global financial stability risks increased during the year following the failure of some regional banks in the US and the regulator facilitated takeover of Credit Suisse by UBS. In the face of these events the broader global banking system has remained resilient. ANZ has navigated this challenging period from a position of strength as a profitable, well provisioned, strongly capitalised and highly liquid bank and is well placed to support our customers.
- **Home Loans and Consumer Lending** – We continue to engage with our customers to help them better manage their home loans and personal finances. 70 per cent of our customers have paid additional funds to reduce their principal debt with almost half of those more than two years ahead on their repayments. Our portfolio customer credit scores have improved and we have consistently written new businesses at a higher average customer credit score. We have also proactively communicated with our customers to provide reassurance that, where required, we have options available to continue to support them. This includes additional support provided to customers facing natural disasters (for instance, the 2023 cyclones and floods in New Zealand).
- **Data Analytics** – Data and analytics continue to play an important role in early identification of customers heading towards financial difficulty. Our analytics have focused on customer transaction data and the identification of customers that may need additional support. We are using data analytics to look at savings, credit, and offset accounts to better understand customers' financial behaviour and potential future outcomes. The analysis considers interest rate changes, increases in living expenses and cashflow. We continue to analyse our downturn indicators to understand, quantify, and address impacts to portfolio delinquency through tailored treatments to reduce customer financial difficulties/delinquencies.
- **Financial health and Wellbeing** – Financial health and wellbeing is the guiding principle for our ANZ Plus App which provides tools and insights to help customers to have better visibility and control over their money. In addition, our targeted communication is designed to encourage at-risk customers to take steps to avoid falling behind on loan repayments and to contact ANZ as early as possible if they are experiencing financial difficulty. We have also identified common reasons customers provide for experiencing financial hardship, such as reduced income, medical illness, separation or over-commitment to assist with repayment management. We have also delivered proactive customer support including communications and webinars to help customers as they head into challenging economic times.

Management commentary
(no financial statements)

Risk culture

Risk culture is an important component of our organisational culture and underpins the shared values, behaviours and practices that influence how risk is considered in decision making.

Significant progress has been made in strengthening risk culture, with the Group achieving our target state. The Board and executive leadership teams have emphasised the importance of risk culture, providing strong leadership and oversight. This has resulted in outcomes that have further embedded our target risk behaviours and uplifted risk management in a number of key focus areas – particularly the group wide non-financial risk framework. The risk culture framework, with our Risk Principles at the core, outlines the approach to measure, assess, embed and govern risk culture. The approach assesses risk management behaviours and practice through consideration of an annual risk culture survey as well as frequent monitoring of business and risk metrics that provide insights about our risk culture. Risk culture maturity is assessed at the divisional and functional[1] level to assist the Board to form a view of our overall risk culture. Our Board Risk Committee receives half-yearly updates on plans and actions being taken to further improve our risk culture.

Maintaining a sound risk culture is supported by alignment between our Risk Principles and organisational behaviours, training, and tools and resources to raise awareness of and embed the behaviours and practices that support our target risk culture.

Risk culture is included as a performance objective for all Group Executives, and risk is a key element of the Group Performance Framework and Divisional/individual performance scorecards for our people's performance and remuneration. Behaviours supporting the target risk culture are reinforced through the Enterprise Accountability Group (EAG) (see section 8 of the Remuneration Report with the Annual Report). We acknowledge individuals who role model outstanding risk behaviours through their efforts to identify, manage and mitigate the organisation's risks and contribute to our strong risk culture.

Financial crime

We continue to maintain an effective financial crime risk management program that anticipates and navigates criminal threats supported by the right people with the right tools. The Financial Crime portfolio continues to be responsible for ensuring that ANZ meets its regulatory obligations through its Anti-Money Laundering/Counter Terrorism Finance and Sanction Programs, and for delivering enhanced detection, investigative and/or intelligence capability focusing on identifying, mitigating, and managing financial crime risk and protecting the community. We also maintain our partnership with the Australian Transaction Report and Analysis Centre (AUSTRAC)-led Fintel Alliance to strengthen the finance industry's capability to tackle serious crimes and to better support police investigations.

Refer to our ESG Supplement available at anz.com/annualreport for further information.

Scams

We are continually reviewing and adjusting our capabilities to keep customers safe as new scams emerge and cyber criminals change how they operate. In the last twelve months, our staff and our systems have stopped more than $100 million going to criminals and from April to September this year. We have has seen a 59% reduction in customer losses and a 38% increase in detected and prevented amounts. Investment in new technologies is critical as we continue to work to protect our customers and the community from fraud and scams. Our newest measures include:

- The deployment of more than 170 new sophisticated algorithms that have helped to prevent $20m of customer scam losses across multiple payment channels.
- A significant investment in a new capability using Artificial Intelligence (AI) and Machine Learning technology designed to detect accounts being used to receive funds from scam victims.
- Preventing payments being made to particular high risk cryptocurrency platforms and introducing new holds and delays to some payment types and destinations.
- Working with the major telcos to activate the Do Not Originate (DNO) service and to put in place measures that stop scammers from adopting the "ANZ" label in text messages.

Non-financial risk

We have made progress against our non-financial risk transformation agenda. Our improved Non-financial Risk Framework is uplifting both the effectiveness and efficiency of how we manage our non-financial risks ensuring we can operate our business well, support the right risk culture, save time and make things simpler. It is achieving this by being a holistic, standardised, integrated and automated framework with greater data-informed insights, enhanced operating model and capability uplift. This enables us to better anticipate and navigate a changing environment as we seek to protect our customers, shareholders and the community from harm.

Other risks

We manage and monitor risks in accordance with our Risk Management Framework (RMF). In addition to our key material risks - see below - three risks that we are paying particular attention to are:

Climate-related risk: the Group's most material climate-related risks arise from lending to business and retail customers, which contributes to credit risk. These include the effect of extreme weather events on a customer's business or property including impacts to the cost and availability of insurance and insurance exclusions, changes to the regulatory and policy environment in which the customer operates, disruption from new technology and changes in demand towards low carbon products and services. Climate-related risks may also indirectly affect a customer through impacts to its supply chains and customer base.

1. Enablement Functions – Legal, Enterprise Finance, Talent and Culture, Internal Audit, Group Risk, Comms and PA, Group Technology and Group Capability Centre.

Management commentary
(no financial statements)

Our key material risk category of credit risk considers the risks associated with lending to customers that may be impacted by climate change, including physical and transition risks. Climate-related risks may also affect the ability of customers to repay debt, result in an increased probability of default, result in 'stranded assets', and impact the amount that the Group is able to recover due to the value or liquidity of collateral held as security being impaired. The Group may also face legal proceedings and suffer reputational damage if it acts inconsistently with public commitments in relation to climate change.

We continue to improve our management of climate-related risks and recently elevated climate-related risk as a key material risk within our RMF - refer below.

We are transitioning our lending with the goals of the Paris Agreement and supporting customers to reduce emissions and enhance their resilience to a changing climate. In this respect, we factor climate change risk into lending decisions for large business customers[1], assessing their capacity to respond to climate change and the evolving regulatory landscape. We expect our existing large business customers in higher-emitting sectors such as energy, building products and transport to integrate climate change risk into their company strategies.

For details on the how we are improving our management of climate-related risks, how we govern climate-related risks and opportunities, performance against our climate targets and our new sectoral decarbonisation pathways set in accordance with our commitment to the Net-Zero Banking Alliance, refer to our 2023 Climate-related Financial Disclosures available at anz.com/annualreport. Our Climate Change Commitment is available at anz.com/esgreport.

Cybersecurity risk: As a bank, we handle a considerable amount of personal and confidential information about our customers across multiple geographies in which we operate. We continue to take the security of our bank, our customers and our customers' information very seriously. Our security strategy has helped build a mature security risk posture and operational cyber security capability commensurate with the size and extent of threats to us.

Cyber security threats continue to evolve, becoming more sophisticated and increasing in volume and our approach draws on multiple layers of security testing and intelligence, seeking to ensure sustainable security practices to protect information and assets. We have layers of defence within the Group complemented by robust governance. We use industry benchmarking as well as a series of exercises to map and simulate potential threats. This helps us identify and better understand emerging threats, and adapt processes, technology and education to address the increase in customer fraud and scams. We maintain strong relationships and strategic partnerships with government, industry, community groups and law enforcement agencies locally and internationally to promote cyber security resilience across jurisdictions.

We are fostering a security-centric culture by providing staff education to help us to respond to the rapidly changing threat environment, as well as our customer education service to engage with and support our customers. We focus on raising customer awareness to cyber-threat risk. Our Cyber security centre also publishes a range of latest security alerts and protection approaches to assist our customers to avoid scams.

Biodiversity risk: Biodiversity loss including as a result of species extinction or decline, ecosystem degradation and nature loss ("Biodiversity Loss") is an emerging risk which the Group is seeking to understand further. Biodiversity risks are closely linked to climate-related risks. Risks are likely to arise primarily from lending to customers that have material dependencies and/or whose actions may have negative impacts on nature, including biodiveristy. These risks can also arise from legal, and regulatory or policy, changes including potential reforms to halt and reverse forest loss, species extinction and land degradation. These changes may impact the Group directly, or indirectly through our customers.

Biodiversity risk is recognised in our Climate Change Commitment and across our 'sensitive sector' lending policies. In line with our Social and Environmental Risk Policy, we expect our large business customers[1] to use, or mitigate towards internationally accepted industry practices to manage social, environmental and economic impacts, including potential impacts on nature. This year have continued to engage with 100 of our large emitting business customers to support them to implement and strengthen their lower carbon transition plans and enhance their efforts to protect biodiversity. We have also utilised the Exploring Natural Capital Opportunities Risks and Exposure (ENCORE) tool[2] to take initial steps to identify priority sectors and assess potential sector level biodiversity impacts and dependencies.

For details on our customer engagement, the ENCORE tool, including how we are upskilling our staff and the Taskforce on Nature-related Financial Disclosures (TNFD) pilot studies we have participated in this year, refer to our 2023 Climate-related Financial Disclosures available at anz.com/annualreport. This year we have also sought to draw on the TNFD's recommendations to help inform our disclosures in this document.

1. Institutional customers. **2.** The ENCORE tool consolidates international and national data from public databases. It is widely used by other banking institutions and recognised as a robust tool. The ENCORE tool was developed by the Natural Capital Finance Alliance (the NCFA) and the World Conservation Monitoring Centre (the UNEP-WCMC).

Management commentary
(no financial statements)

Our Risk Management Framework (RMF)

The Board is ultimately responsible for establishing and overseeing the Group's RMF, which is supported by the Group's underlying systems, structures, policies, procedures, processes and people. The Board has delegated authority to the Board Risk Committee (BRC) to develop and monitor compliance with the Group's risk management policies. The Committee reports regularly to the Board on its activities. The key pillars of our Group RMF include:

- The Risk Management Strategy (RMS), which describes the approach for managing risk arising from the Group's purpose and strategy. The RMS includes: how the Risk function is structured to support the Group's purpose and strategy, and the execution of the Group Chief Risk Officer's prescribed responsibilities as an Accountable Person for ANZBGL under the Banking Executive Accountability Regime; the values, attitudes and behaviours required of employees in delivering on strategic priorities; a description of each material risk; and an overview of how the RMF addresses each material risk, with reference to the relevant policies, standards and procedures. It also includes information on how the Group identifies, measures, evaluates, monitors, reports and then either controls or mitigates the material risks and the oversight mechanism and/or committees in place.
- The Risk Appetite Statement (RAS), which sets out the Board's expectations regarding – for each material risk – the maximum level of risk the Group is willing to accept in pursuing its strategic objectives and its operating plans considering its shareholders', depositors' and customers' interests.
- Risk Culture is an intrinsic part of the Group's RMF and underpins the values, attitudes and behaviours of our staff which drive the risk decisions we make.

The Group operates a 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 business occupies the first line of defence responsibility for implementation and ongoing maintenance of the RMF including day-to-day ownership of risks and controls.

The Risk function (including Divisional/functional and Group) form the second line of defence, providing independent oversight of the Group's risk profile and RMF, including effective challenge to activities and decisions that materially affect the Group's risk profile and assistance in developing and maintaining the RMF.

Internal Audit is the third line of defence, providing independent evaluation and objective assurance on the appropriateness, effectiveness and adequacy of the Group's RMF.

The governance and oversight of risk management, whilst embedded in day-to-day activities, is also the focus of committees and regular forums across the Group (see diagram next page). The committees and forums discuss and monitor known and emerging risks, review management plans and monitor progress to address known issues.

Management commentary
(no financial statements)

BOARD OF DIRECTORS

Principal Board Committees

- Audit Committee
- Ethics, Environment, Social and Governance Committee
- Risk Committee
- Digital Business and Technology Committee
- Nomination and Board Operations Committee
- Human Resources Committee

Executive Committee
The Group's most senior executives meet regularly to discuss performance and review shared initiatives.

Group Performance Execution Committee
The Group's key Management Committee charged with oversight of the Group's overall operational performance and position and execution of the operating plan.

Enterprise Accountability Group

KEY MANAGEMENT COMMITTEES

Group

- Credit and Market Risk Committee
  - Credit Ratings System Oversight Committee
- Group Asset and Liability Committee
  - Capital and Stress Testing Oversight Committee
- Operational Risk Executive Committee
  - Financial Crime Operational Risk Executive Committee Sub-Committee
- Ethics and Responsible Business Committee
- Investment Committee
- Group Executive People Committee

Division

- Divisional Risk Management Committees
- Divisional Initiatives Review Committees/ Project Advisory Councils
- **Divisional/ Functional Accountability Groups**

Country

- Regional or Country Risk Management Committees
- Country Assets and Liability Committees

KEY MATERIAL RISKS

The key material risks facing the Group per the Group's RMS, and how these are managed are summarised below.

Climate change risk is managed and monitored as part of ANZ's business, strategic and capital management processes. While climate change risk primarily manifests as financial risks, especially credit risk, it may also result in additional market, operational or other risks.

Our understanding of climate-related risks continues to evolve and mature. On 9 November 2023 our Board Risk Committee approved that "climate risk" will be elevated as a key material risk. This means going forward that we are further strengthening our enterprise-wide approach to managing climate risk. We are working to embed this change and expect to disclose our progress in our 2024 reporting. The table below discusses how climate-related risk has been managed and monitored during our 2023 financial year.

For further information about the principal risks and uncertainties that the Group faces, see our "Principal Risks and Uncertainties" disclosure available at anz.com/shareholder/centre.

RISK TYPE	DESCRIPTION	MANAGING THE RISK
Capital adequacy risk	The risk of loss arising from the Group failing to maintain the level of capital required by prudential regulators and other key stakeholders (shareholders, debt investors, depositors, rating agencies, etc.) to support the Group's consolidated operations and risk appetite.	We pursue an active approach to Capital Management, which is designed to protect the interests of depositors, creditors and shareholders through ongoing review, and Board approval, of the level and composition of our capital base against key policy objectives.
Compliance risk	The risk of failure to act in accordance with laws, regulations, industry standards and codes, internal policies and procedures and principles of good governance as applicable to the Group's businesses.	Key features of how we manage Compliance Risk as part of our I.AM (Identify, Act and Monitor) Framework include: • Management of key obligations via a Global Obligations Library, enabling our change management capability in relation to new and revised obligations. • An emphasis on the identification of changing regulations and the business environment, to enable proactive assessment of emerging compliance risks. • Recognition of incident management as a separate element to enhance our ability to identify, manage and report on incidents/breaches in a timely manner.
Credit risk	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 loss. Credit Risk incorporates the risks associated with our lending to business and retail customers who could be impacted by climate change or by changes to laws, regulations, or other policies adopted by governments or regulatory authorities, including carbon pricing and climate change adaptation or mitigation policies. As noted above, we recently elevated climate-related risk to be a key material risk in its own right and will work to embed this within our RMF.	Our Credit Risk framework is top down, being defined by credit principles and policies. Credit policies, requirements and procedures cover all aspects of the credit life cycle from initial approval and risk grading, through to ongoing management and problem debt management.

Management commentary
(no financial statements)

RISK TYPE	DESCRIPTION	MANAGING THE RISK
Liquidity and funding risk	The risk that the Group is unable to meet its payment obligations as they fall due, including: • Repaying depositors or maturing wholesale debt; or • The Group having insufficient capacity to fund increases in assets.	Key principles in managing our Liquidity and Funding Risk include: • ANZ's short term liquidity scenario modelling stresses cash flow projections against multiple survival horizons' over which the Group is required to remain cash flow positive; • Longer-term scenarios are in place that measure the structural liquidity position of the balance sheet.
Market risk	The risk stems from our trading and balance sheet activities and is the risk to the Group's earnings arising from: • Changes in interest rates, foreign exchange rates, credit spreads, volatility, correlations; or • Fluctuations in bond, commodity or equity prices.	We have a detailed market risk management and control framework to support our trading and 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 outcome and allocates an appropriate amount of capital to support these activities.
Operational risk	The risk of loss and/or non-compliance with laws resulting from inadequate or failed internal processes, people and/or systems, or from external events. This definition includes legal risk, and the risk of reputation loss or damage arising from inadequate or failed internal processes, people and systems, but excludes strategic risk.	We manage Compliance and Operational Risk in the best interests of our customers and the community and to meet expectations of the regulators. The Compliance and Operational Risk (C&OR) Policy establishes the fundamental requirements at ANZ which inform policies, processes, and procedure development of ANZ's management of Compliance and Operational Risk, through timely and appropriate identification, action and monitoring. We take a risk-based approach to the management of operational risk and obligations. This enables the Group to be consistent in proactively identifying, assessing, managing, reporting and escalating operational risk-related risk exposures, while respecting the specific obligations of each jurisdiction in which the Group operates. Day-to-day management of operational risk is the responsibility of business unit line management and staff. Risk management is supported by a strong Risk Culture, which seeks to ensure all staff manage risk on a daily basis – "Risk is Everyone's Responsibility".
Strategic risk	Risks that affect or are created by an organisation's business strategy and strategic objectives. A possible source of loss might arise from the pursuit of an unsuccessful business plan. For example, Strategic risk might arise from making poor strategic business decisions, from the sub-standard execution of decisions, from inadequate resource allocation, or from a failure to respond well to changes in the business environment.	Strategic risks are discussed and managed through our annual strategic planning process, managed by the Executive Committee and approved by the Board. Where the strategy leads to an increase in other Key Material Risks (e.g. Credit Risk, Market Risk, Operational Risk) the risk management strategies associated with these risks form the primary controls.

Management commentary
(no financial statements)

RISK TYPE	DESCRIPTION	MANAGING THE RISK
Technology risk	The risk of loss and/or non-compliance with laws from inadequate or failed internal processes, people or systems that deliver Technology assets and services to customers and staff. This risk includes Technology assets and services delivered or managed by third parties, and external events. The risk specifically includes information security and cyber security and how information held by the Group needs to be protected from inappropriate modification, loss, disclosure and unavailability.	Our approach to manage Technology Risk is to manage our operational risks caused by the use of technology, including risks associated with cyber security and third-party providers, in a manner that seeks to ensure customer information is secure and service disruption is within acceptable levels.
Conduct risk	The risk of loss or damage arising from the failure of the Group, its employees or agents to appropriately consider the interests of customers, the integrity of the financial markets and the expectations of the community in conducting its business activities.	Our approach to manage Conduct Risk is to seek to ensure that risks to customers, community and market integrity are identified, assessed, measured, evaluated, treated, monitored and reported with appropriate governance and oversight. The articulation of Conduct Risk as a Level 1 Risk Theme under the new NFR model will help manage Conduct Risk as a key material risk for the Group. To support the NFR model (and our obligations under Prudential Standard CPS 220 Risk Management), ANZ has developed a global Conduct Risk Framework and Conduct Risk taxonomy which facilitates a clear and consistent way of managing and monitoring the risk, and the risk is managed in conjunction with the Compliance and Operational Risk Policy.
Financial crime risk	Financial Crime Risk covers the following risks at ANZ: • **Money Laundering (ML) Risk** – the risk that we may reasonably face from our products and/or services being misused to facilitate the processing of the proceeds of crime to conceal their illegal origins and make them appear legitimate. • **Terrorism Financing (TF) Risk** – the risk that we may reasonably face from our products and/or services being misused to facilitate the provision or collection of funds with the intention or knowledge that they may be used to carry out acts associated in support of terrorists or terrorist organisations. • **Sanctions Risk** – the risk of failing to comply with laws and regulations relating to sanctions imposed by governments and multinational bodies as a result of our products and services being misused to facilitate prohibited sanctions activities. • **Fraud Risk** – the risk that we may reasonably face from our products and/or services being misused to facilitate intentional acts by one or more individuals, involving the use of deception to obtain an unjust or illegal advantage arising from internal or external sources.	Financial Crime Risk at ANZ is managed using a risk-based approach in accordance with the Conduct Risk Framework, and in conjunction with the Compliance and Operational Risk Framework (I.AM) and three lines of defence model. However, for Sanctions, in addition to a risk-based approach to risk management, there is a rules-based lens to ensure compliance with Sanctions legislation. For the Business to identify and manage Financial Crime Risk, it must identify its regulatory obligations and impacted business activities and maintain and monitor key controls.

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Management commentary
(no financial statements)

PERFORMANCE OVERVIEW

GROUP PERFORMANCE

The results of the Group's operations and financial position are set out on pages 20-32. Pages 4-7 outline the Group's strategy and prospects. Discussion of our approach to risk management, including a summary of our key material risks, is outlined on pages 11-18.

Discussion or disclosure of further business strategies and prospects for future financial years has not been included in this report because, in the opinion of the directors, it would be likely to result in unreasonable prejudice to the Group.

GROUP PROFIT RESULTS

	2023		2022	
Income Statement	Statutory $m	Cash $m	Statutory $m	Cash $m
Net interest income	16,575	16,575	14,874	14,874
Other operating income	3,891	4,325	4,552	3,673
Operating income	20,466	20,900	19,426	18,547
Operating expenses	(10,087)	(10,087)	(9,579)	(9,579)
Profit before credit impairment and income tax	10,379	10,813	9,847	8,968
Credit impairment (charge)/release	(245)	(245)	232	232
Profit before income tax	10,134	10,568	10,079	9,200
Income tax expense	(2,941)	(3,068)	(2,940)	(2,684)
Non-controlling interests	(28)	(28)	(1)	(1)
Profit attributable to shareholders of the Company from continuing operations	7,165	7,472	7,138	6,515
Profit/(Loss) after tax from discontinued operations	-	-	(19)	(19)
Profit for the year	7,165	7,472	7,119	6,496

Statutory profit for the year increased $46 million on the prior year to $7,165 million.

The Group uses cash profit, a non-IFRS measure, to assess the performance of its business activities. It is an industry-wide measure which enables comparison with our peer group. We calculate cash profit by adjusting statutory profit for non-core items. In general, it represents the financial performance of our core business activities. We use cash profit internally to set targets and incentivise our Senior Executives and leaders through our remuneration plans. Refer to page 21 for adjustments between statutory and cash profit. The adjustments made in arriving at cash profit are included in statutory profit which is subject to audit within the context of the external auditor's audit of the 2023 Financial Report. Cash profit is not subject to audit by the external auditor. Our external auditor has informed the Audit Committee that adjustments between statutory and cash profit have been determined on a consistent basis across each of the periods presented.

DISCONTINUED OPERATIONS

There are no discontinued operations in the current period. Profit/(Loss) from discontinued operations in the comparative periods relates to immaterial residual operational costs from divested wealth businesses and partial recovery of certain costs based on Transition Service Agreements, which ceased in April 2022.

ESTABLISHMENT OF A NEW GROUP ORGANISATIONAL STRUCTURE

On 3 January 2023, Australia and New Zealand Banking Group Limited (ANZBGL) established by a scheme of arrangement, a non-operating holding company, ANZ Group Holdings Limited (ANZGHL), as the new listed parent holding company of the ANZ Group and implemented a restructure to separate ANZ's banking and certain non-banking businesses into the ANZ Bank Group and ANZ Non-Bank Group (Restructure). The ANZ Bank Group comprises the majority of the businesses and subsidiaries that were held in ANZBGL prior to the Restructure. The ANZ Non-Bank Group comprises banking-adjacent businesses developed or acquired by the ANZ Group to focus on bringing new technology and banking-adjacent services to the ANZ Group's customers, and a separate service company.

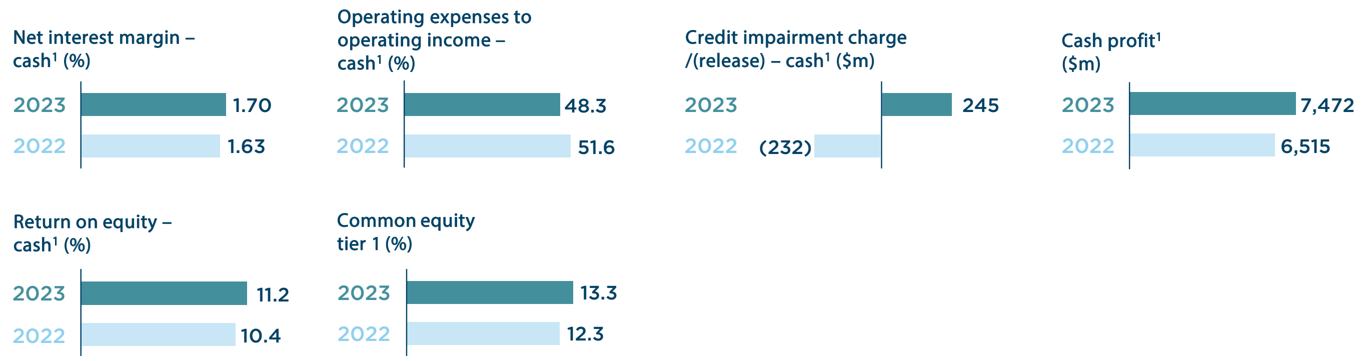
ANZGHL Financial Information

As a result of the Restructure, the ultimate holding company of ANZBGL is ANZGHL. A copy of the 2023 ANZGHL Annual Report can be accessed via the ANZ Shareholder Centre on website https://www.anz.com/shareholder/centre/reporting/.

Management commentary
(no financial statements)

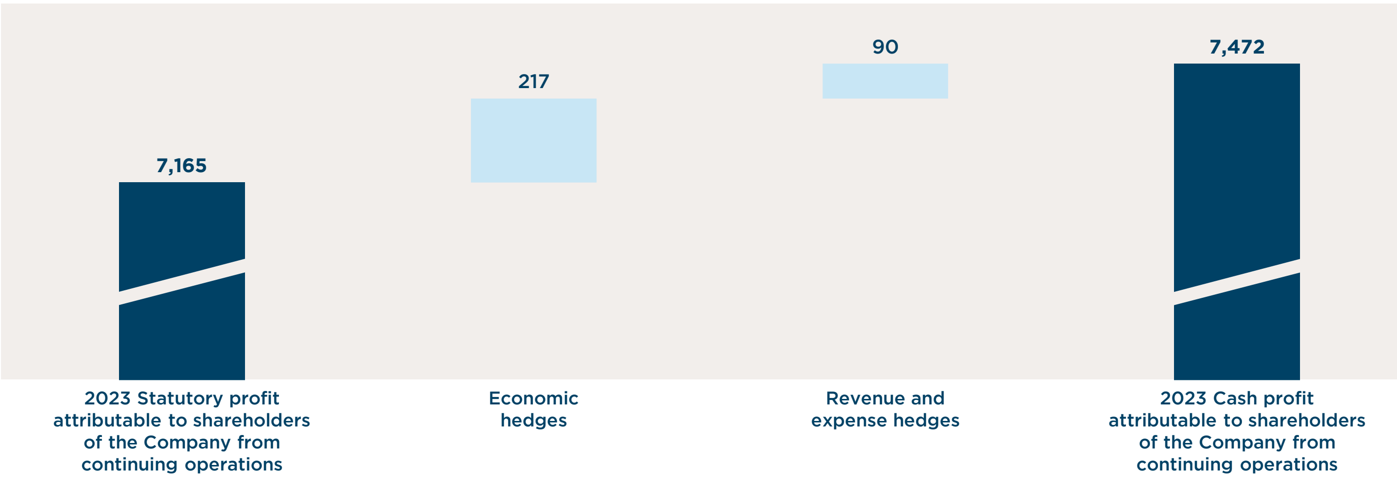
CONTINUING OPERATIONS

Key measures of our financial performance are set out below.



1. Information has been presented on a cash profit from continuing operations basis.

ADJUSTMENTS BETWEEN STATUTORY PROFIT AND CASH PROFIT ($m)



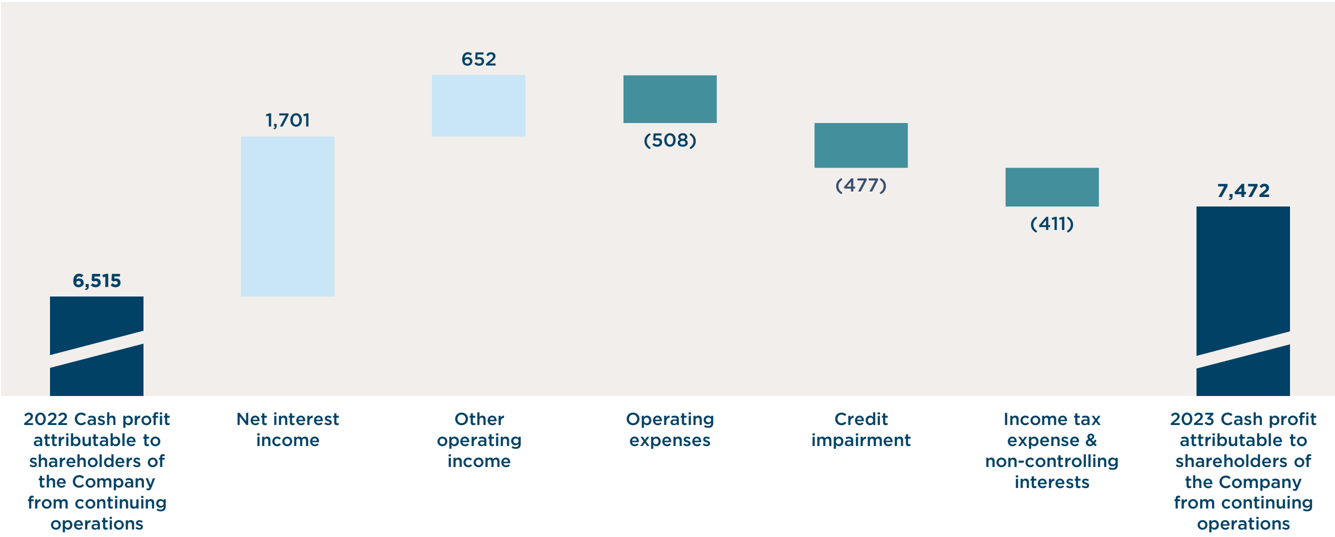
Adjustments between continuing operations statutory profit and cash profit are summarised below:

Adjustment	Comment for the adjustment
Economic hedges 2023: $217 million loss 2022: $569 million gain **Revenue and expense hedges** 2023: $90 million loss 2022: $54 million gain	The Group enters into economic hedges to manage its interest rate and foreign exchange risk which, in accordance with accounting standards, result in fair value gains and losses being recognised within the Income Statement. We remove the fair value adjustments from cash profit since the profit or loss resulting from the hedge transactions will reverse over time to match with the profit or loss from the economically hedged item as part of cash profit. This includes gains and losses arising from derivatives not designated in accounting hedge relationships but which are considered to be economic hedges, including hedges of foreign currency debt issuances and foreign exchange denominated revenue and expense streams, primarily NZD and USD (and USD correlated), as well as ineffectiveness from designated accounting hedges. In the 2023 financial year, losses on economic hedges relate to funding-related swaps, principally from narrowing USD/EUR and USD/JPY currency basis spreads. Further losses were driven by the yield curve movement impact on net pay fixed economic hedge positions, largely during the first half of 2023. Losses on revenue and expense hedges were mainly due to the depreciation of AUD against the NZD.

GROUP CASH PROFIT PERFORMANCE FROM CONTINUING OPERATIONS

Financial performance and the analysis thereof has been presented on a cash profit from continuing operations basis.

CASH PROFIT FROM CONTINUING OPERATIONS ($m)



	2023 $m	2022 $m	Movt
Net interest income	16,575	14,874	11%
Other operating income	4,325	3,673	18%
Operating income	20,900	18,547	13%
Operating expenses	(10,087)	(9,579)	5%
Profit before credit impairment and income tax	10,813	8,968	21%
Credit impairment (charge)/release	(245)	232	large
Profit before income tax	10,568	9,200	15%
Income tax expense	(3,068)	(2,684)	14%
Non-controlling interests	(28)	(1)	large
Cash profit attributable to shareholders of the Company from continuing operations	7,472	6,515	15%

Cash profit attributable to shareholders of the Company from continuing operations increased $957 million (15%) compared with the 2022 financial year.

Net interest income increased $1,701 million (11%) driven by a $65.5 billion (7%) increase in average interest earning assets and a 7 bps increase in net interest margin. The increase in average interest earning assets was driven by lending growth across all divisions, higher liquid assets and the impact of foreign currency translation. The increase of 7 bps was driven by favourable deposit margins, higher earnings on capital and replicating deposits, and favourable lending mix. This was partially offset by home loan pricing competition, unfavourable deposit mix, and Markets activities impacted by higher funding costs, primarily on commodity assets, where the related revenues are recognised as Other operating income.

Other operating income increased $652 million (18%) primarily driven by an increase of $1,063 million in Markets other operating income from increased customer activity and more favourable trading conditions. This was partially offset by a $232 million decrease from business divestments/closures, $98 million of lower realised gains on economic hedges against foreign currency denominated revenue streams offsetting net favourable foreign currency translations elsewhere in the Group, and a $43 million decrease from the loss on disposal of data centres in Australia.

Operating expenses increased $508 million (5%) driven by inflationary impacts, incremental costs associated with strategic initiatives, higher Suncorp Bank acquisition related costs, costs previously attributed to discontinued operations, and the initial levy under the Financial Services *Compensation Scheme of Last Resort Levy Act 2023* (CSLR Levy). This was partially offset by productivity initiatives and investment re-prioritisation.

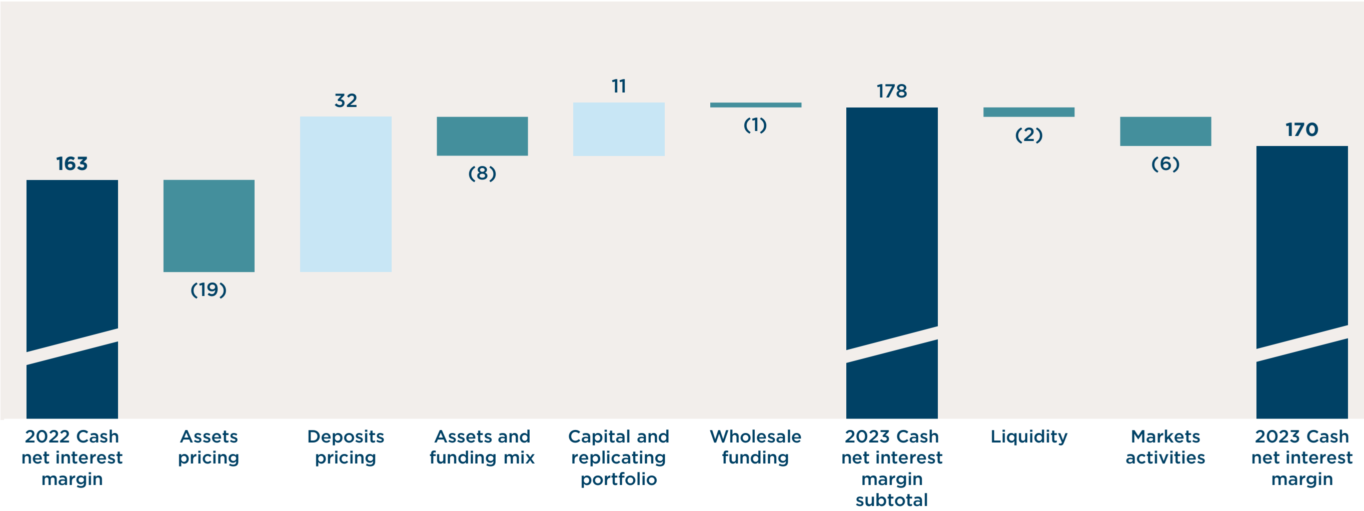
Credit impairment increased $477 million driven by increases in both collectively assessed and individually assessed credit impairment.

Management commentary
(no financial statements)

ANALYSIS OF CASH PROFIT PERFORMANCE

Net interest income

GROUP NET INTEREST MARGIN (bps)



	2023 $m	2022 $m	Movt
Net interest income[1]	16,575	14,874	11%
Net interest margin (%) - cash[1]	1.70	1.63	7 bps
Average interest earning assets	975,540	910,037	7%
Average deposits and other borrowings	825,113	780,373	6%

1. Includes the major bank levy of -$353 million (2022: -$340 million).

Net interest income increased $1,701 million (11%) driven by a $65.5 billion (7%) increase in average interest earning assets and a 7 bps increase in net interest margin.

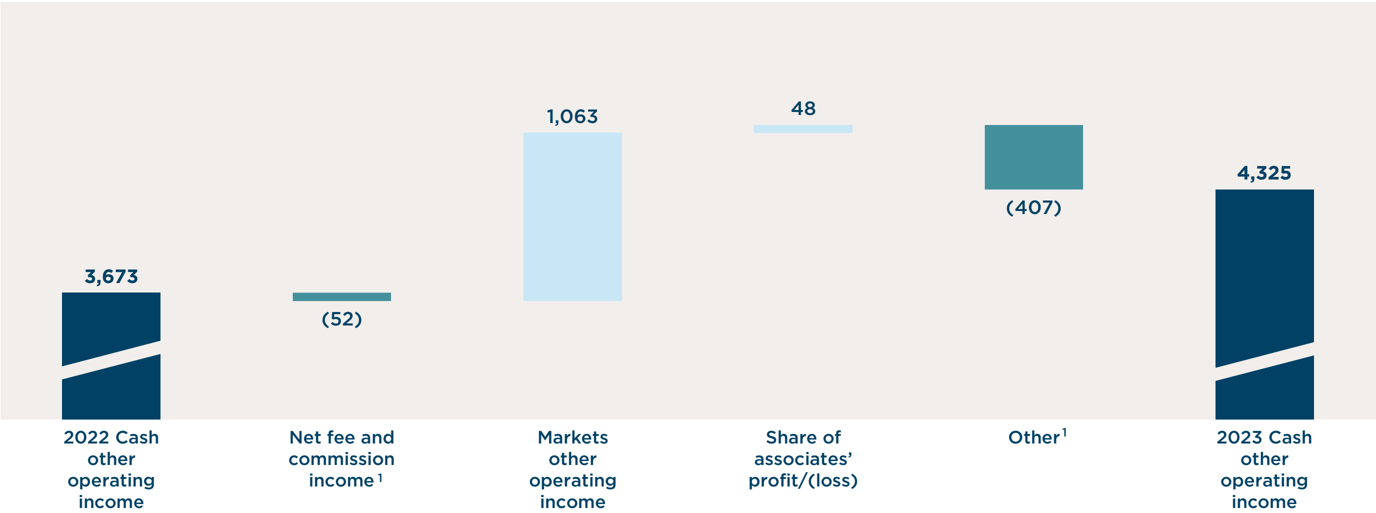
Net interest margin increased 7 bps driven by favourable deposit margin from a rising interest rate environment, higher earnings on capital and replicating deposits, and favourable lending mix with a shift towards higher margin variable rate home loans. This was partially offset by home loan pricing competition in the Australia Retail and New Zealand divisions, unfavourable deposit mix with a shift towards lower margin term deposits and increased term wholesale funding relative to customer deposits, lower average yield on Markets averages earning assets due to higher funding costs for commodity assets where the related revenues are recognised as Other operating income, growth in lower yielding liquid assets to replace Committed Liquidity Facility (CLF) which ceased in the first half of 2023 and other increases in liquid assets to meet regulatory compliance requirements, and higher wholesale funding rates.

Average interest earning assets increased $65.5 billion (7%) driven by lending growth across all divisions, higher liquid assets and the impact of foreign currency translation.

Average deposits and other borrowings increased $44.7 billion (6%) driven by growth in term deposits across all divisions, higher deposits and repurchase agreements from other banks, higher certificates of deposit and the impact of foreign currency translation. This was partially offset by lower at-call deposits.

Other operating income

OTHER OPERATING INCOME ($m)



	2023 $m	2022 $m	Movt
Net fee and commission income[1]	1,855	1,907	-3%
Markets other operating income	1,923	860	large
Share of associates' profit/(loss)	225	177	27%
Other[1]	322	729	-56%
Total cash other operating income	4,325	3,673	18%

1. Excluding the Markets business unit.

Net fee and commission income decreased $52 million (-3%) driven by lower revenue post Worldline business divestment in the prior year, and lower cards revenue in the New Zealand division due to regulatory fee changes introduced in November 2022. This was partially offset by higher cards revenue in the Australia Retail division due to recovery in spending, and higher home loan offset account and annual card fees as waivers related to the transition of Breakfree Package concluded.

Markets other operating income increased $1,063 million driven by increases in Franchise Revenue across all business lines and geographies from increased customer activity and more favourable trading conditions, an increase in Balance Sheet driven by favourable yield curve movements and portfolio repricing, and an increase in Derivative Valuation Adjustments with gains from tightening credit spreads and lower currency and interest rate volatility.

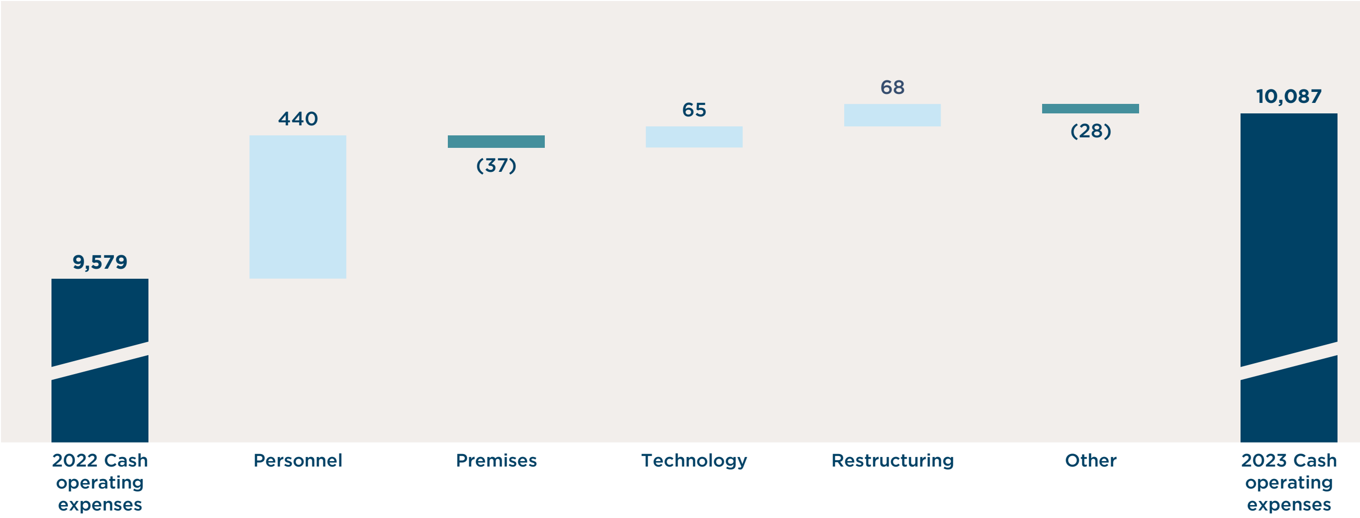
Share of associates' profit increased $48 million (27%) driven by increase in the Group's equity accounted share of profit from P.T. Bank Pan Indonesia and AMMB Holdings Berhad.

Other decreased $407 million (-56%) primarily driven by a gain on completion of the ANZ Worldline partnership in 2022, lower realised gains on economic hedges against foreign currency denominated revenue streams offsetting net favourable foreign currency translations elsewhere in the Group, and a loss on disposal of data centres in Australia. This was partially offset by the net impact from recycling of foreign currency translation reserves from other comprehensive income to profit or loss on dissolution of a number of international entities in the current and prior year, and a loss on sale of the financial planning and advice business in 2022.

Management commentary
(no financial statements)

Operating expenses

OPERATING EXPENSES ($m)



	2023 $m	2022 $m	Movt
Personnel	5,736	5,296	8%
Premises	684	721	-5%
Technology	1,686	1,621	4%
Restructuring	169	101	67%
Other	1,812	1,840	-2%
Total cash operating expenses	10,087	9,579	5%
Full time equivalent staff[1]	40,119	39,172	2%
Average full time equivalent staff[1]	39,674	39,672	0%

1. 2022 comparative information has been restated to include full time equivalent staff of the consolidated investments managed by 1835i Group Pty Ltd in the Group Centre division (FTE:185; Average FTE: 126).

Personnel expenses increased $440 million (8%) driven by incremental costs associated with strategic initiatives, inflationary impacts on wages including an increase in leave provisions, costs previously attributed to discontinued operations, and the impact of unfavourable foreign currency translation. This was partially offset by productivity initiatives and investment re-prioritisation.

Premises expenses decreased $37 million (-5%) driven by the lease exit on modification of a significant lease arrangement in the prior year.

Technology expenses increased $65 million (4%) driven by incremental costs associated with strategic initiatives, higher software licence costs, inflationary impacts on vendor costs, and costs previously attributed to discontinued operations. This was partially offset by benefits from technology simplification, investment re-prioritisation, and lower amortisation.

Restructuring expenses increased $68 million (67%) driven by operational changes across all divisions.

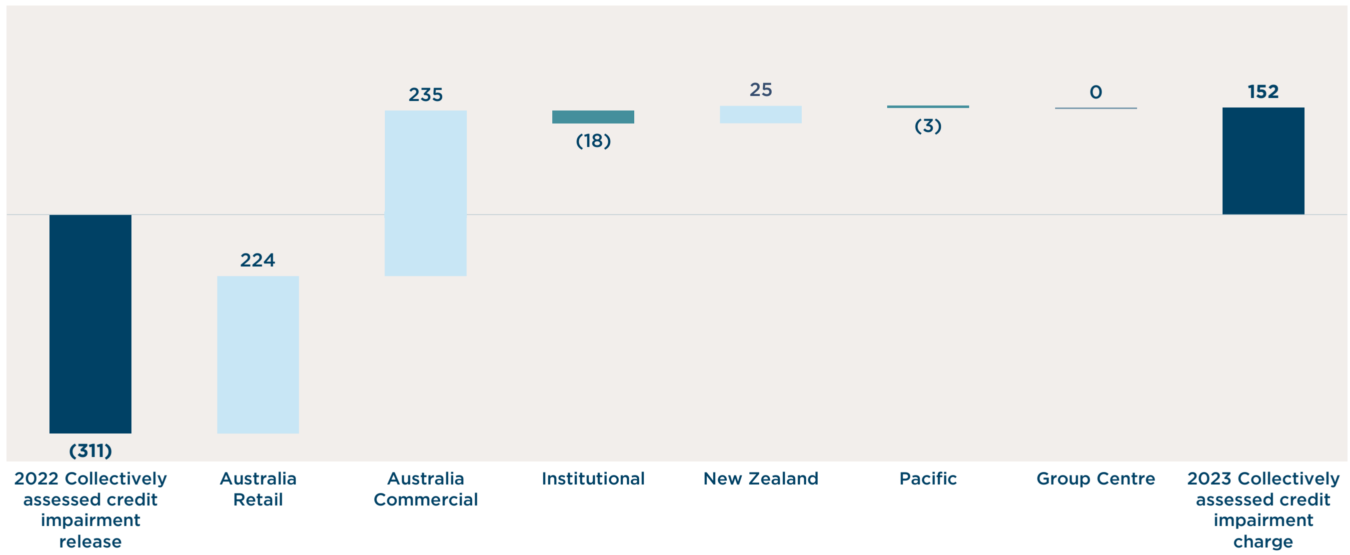
Other expenses decreased $28 million (-2%) driven by the disposal of non-banking businesses as part of the Restructure, and investment re-prioritisation. This was partially offset by higher Suncorp Bank acquisition related costs and the initial CSLR Levy.

Management commentary
(no financial statements)

Credit impairment

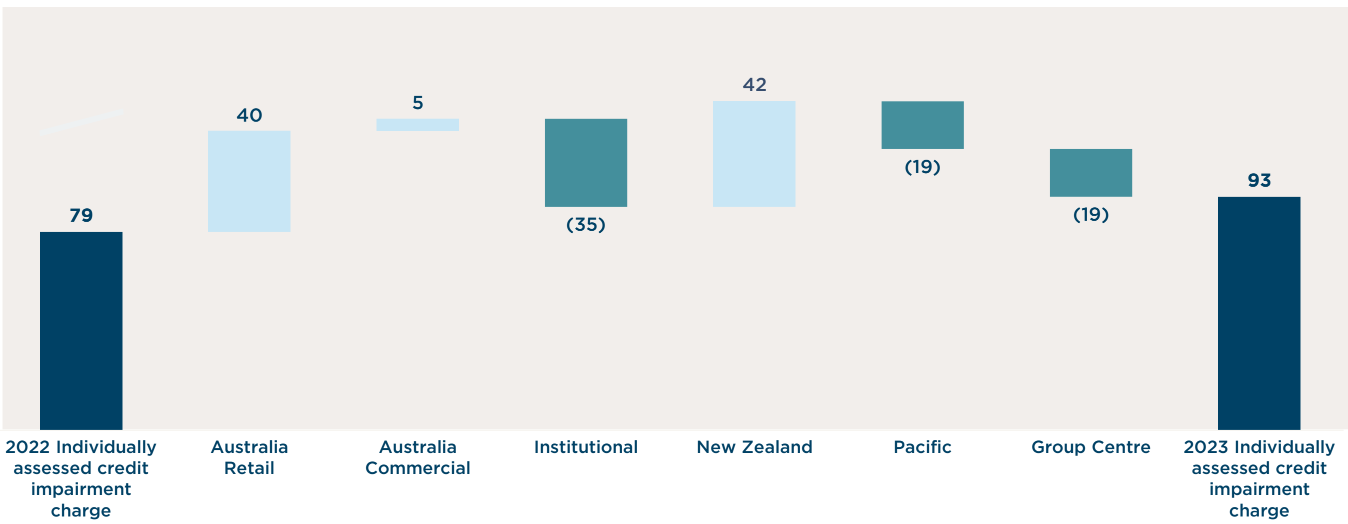
	2023	2022	Movt
Collectively assessed credit impairment charge/(release) ($m)	152	(311)	large
Individually assessed credit impairment charge/(release) ($m)	93	79	18%
Credit impairment charge/(release) ($m)	245	(232)	large
Gross impaired assets ($m)	1,521	1,445	5%
Credit risk weighted assets ($b)	349.0	359.4	-3%
Total allowance for expected credit losses (ECL) ($m)	4,408	4,395	0%
Individually assessed as % of gross impaired assets	24.7%	37.5%	
Collectively assessed as % of credit risk weighted assets	1.16%	1.07%	

COLLECTIVELY ASSESSED CREDIT IMPAIRMENT CHARGE/(RELEASE) ($m)



The collectively assessed impairment charge of $152 million for 2023 was driven by deterioration in the economic outlook and credit risk. This was partially offset by favourable changes in portfolio composition, particularly in the Institutional division. The collectively assessed impairment release of $311 million for 2022 was driven by improvements in credit risk, favourable changes in portfolio composition, and a net release of management temporary adjustments. This was partially offset by an increase of downside risks associated with the economic outlook.

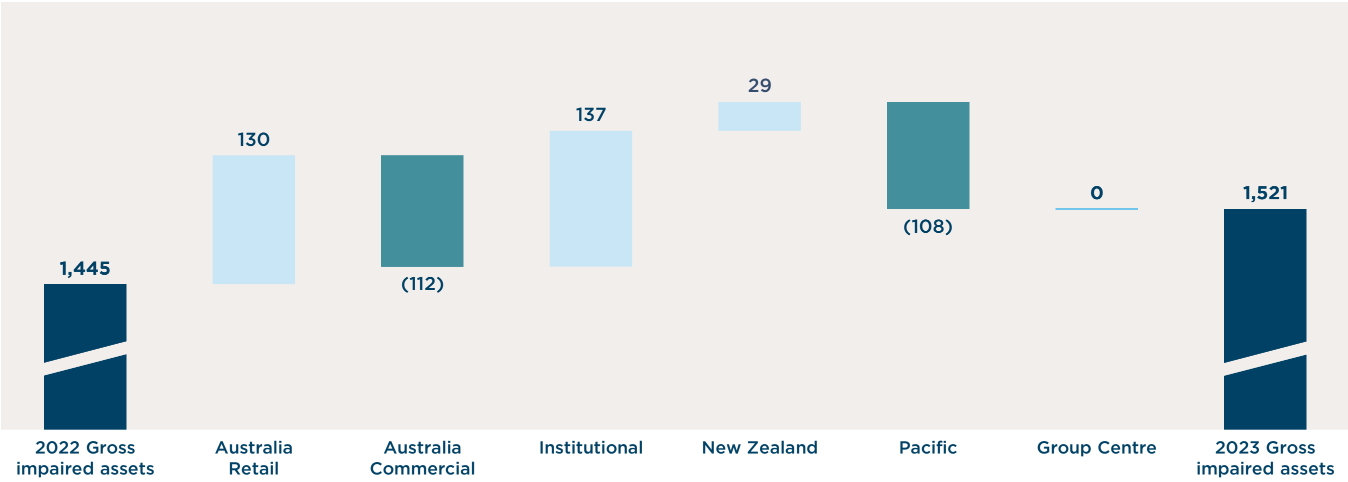
INDIVIDUALLY ASSESSED CREDIT IMPAIRMENT CHARGE/(RELEASE) ($m)



The individually assessed credit impairment charge increased $14 million (18%) driven by increases in the New Zealand and Australia Retail divisions due to lower write-backs and recoveries. This was partially offset by decreases in the Institutional division due to write-back of a single name exposure, and the Pacific division due to higher write-backs.

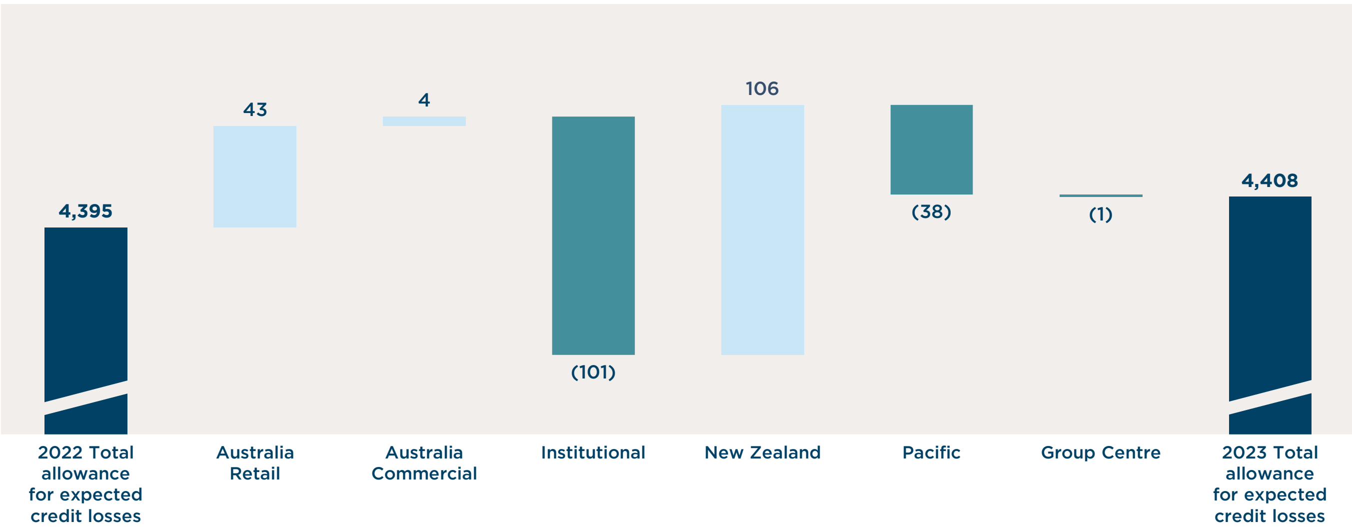
Management commentary
(no financial statements)

GROSS IMPAIRED ASSETS BY DIVISION ($m)



Gross impaired assets increased $76 million (5%) driven by increases in the Australia Retail division due to increase in restructured Home Loans facilities, and the Institutional division due to the downgrade of several single name collateralised exposures. This was partially offset by decreases in the Australia Commercial division due to reduced number of downgrades, and the Pacific division due to upgrade of restructured exposures.

TOTAL ALLOWANCE FOR EXPECTED CREDIT LOSSES ($m)



The increase in total allowance for expected credit losses was driven by a $179 million increase in the collectively assessed allowance for expected credit loss, partially offset by a $166 million decrease in the individually assessed allowance for expected credit losses.

The increase in collectively assessed allowance for expected credit losses was driven by $171 million for the downside risks associated with the economic outlook, $54 million from deterioration in credit risk and $30 million from foreign currency translation and other impacts. This was partially offset by $72 million from favourable changes in portfolio composition, particularly in the Institutional division and $4 million reduction in management temporary adjustments.

The decrease in individually assessed allowance for expected credit losses was driven by decreases in the Institutional division due to the write-back of a large single name exposure and Australia Commercial division due to reductions in the level of impaired loans.

DIVISIONAL PERFORMANCE

2023	Australia Retail	Australia Commercial	Institutional	New Zealand	Pacific	Group Centre	Group
Net interest margin[1]	2.22%	2.70%	0.89%	2.64%	3.91%	n/a	1.70%
Operating expenses to operating income	55.6%	39.6%	40.2%	36.3%	69.7%	n/a	48.3%
Cash profit from continuing operations ($m)	1,874	1,440	2,963	1,552	71	(428)	7,472
Net loans and advances ($b)	312.2	61.6	210.2	121.8	1.7	0.2	707.7
Customer deposits ($b)	164.8	113.4	266.5	99.1	3.7	(0.1)	647.4
Number of FTE	11,313	3,514	6,412	6,766	1,013	11,101	40,119

2022	Australia Retail	Australia Commercial	Institutional	New Zealand	Pacific	Group Centre	Group
Net interest margin[1]	2.25%	2.10%	0.90%	2.47%	2.82%	n/a	1.63%
Operating expenses to operating income	55.2%	40.3%	48.0%	38.2%	93.3%	n/a	51.6%
Cash profit from continuing operations ($m)	2,009	1,551	1,937	1,449	9	(440)	6,515
Net loans and advances ($b)	290.3	59.7	207.2	113.3	1.8	0.1	672.4
Customer deposits ($b)	150.0	112.2	262.5	92.0	3.8	(0.1)	620.4
Number of FTE	11,107	3,551	6,316	6,793	1,086	10,319	39,172

1. The net interest margin excluding Markets business unit was 2.39% (2022: 2.17%) for the Group and 2.31% (2022: 1.93%) for the Institutional division.

DIVISIONAL PERFORMANCE

Australia Retail

Lending volumes increased driven by home loan growth, partially offset by lower unsecured lending. **Net interest margin** decreased driven by asset margin contraction from competitive pressure, unfavourable deposit mix with a shift towards lower margin term deposits and higher net funding costs. This was partially offset by favourable deposit margins from a rising interest rate environment, favourable lending mix with a shift towards higher margin variable home loans and higher earnings on capital and replicating portfolio. **Other operating income** increased driven by higher cards revenue reflecting an increase in consumer spending, and higher home loan offset account and annual card fees as waivers related to the transition of Breakfree Package concluded. This was partially offset by lower insurance-related income. **Operating expenses** increased driven by inflationary impacts, incremental costs associated with strategic initiatives including ANZ Plus and higher restructuring expense. This was partially offset by productivity initiatives and investment re-prioritisation. **Credit impairment charge** increased driven by higher collectively assessed credit impairment, and higher individually assessed credit impairment due to lower write-backs and recoveries.

Australia Commercial

Lending volumes increased driven by SME and Specialist Business lending growth, partially offset by the sale of Investment Lending business and asset finance run-off. **Net interest margin** increased driven by favourable deposit margins from a rising interest rate environment and higher earnings on capital and replicating portfolio. This was partially offset by unfavourable deposit mix with a shift towards lower margin term deposits, higher net funding costs and asset margin contraction from competitive pressure. **Other operating income** decreased driven by the gain on sale relating to the ANZ Worldline partnership in the prior year and lower impact of divested business results. This was partially offset by the loss on sale of the financial planning and advice business in the prior year, and higher cards revenue reflecting an increase in commercial spending. **Operating expenses** increased driven by inflationary pressure, incremental costs associated with strategic initiatives and higher restructuring expense, partially offset by lower costs post business divestment and productivity initiatives. **Credit impairment charge** increased driven by higher collectively assessed credit impairment, and higher individually assessed credit impairment charge.

Institutional

Lending momentum was sustained, with higher Markets balances partially offset by lower Transaction Banking volumes. **Net interest margin ex-Markets** increased driven by favourable deposit margins from a rising interest rate environment and higher earnings on capital and replicating portfolio. **Other operating income** increased primarily driven by higher Markets revenues from increased customer activity and more favourable trading conditions. **Operating expenses** increased driven by inflationary impacts and incremental costs associated with strategic initiatives, partially offset by productivity initiatives. **Credit impairment release** increased driven by release of collectively assessed credit impairment, and release of individually assessed credit impairment due to write-back of a single name exposure.

New Zealand

Lending volumes increased driven by home loan growth, partially offset by contraction in business lending. **Net interest margin** increased driven by favourable deposit margins from a rising interest rate environment. This was partially offset by asset margin contraction from competitive pressure and unfavourable deposit mix with a shift towards lower margin term deposits. **Other operating income** decreased driven by gain on sale of government securities in 2022 and lower cards revenue due to regulatory changes introduced in November 2022. **Operating expenses** increased driven by inflationary pressure and customer remediation provision release in the prior year. **Credit impairment charge** increased driven by increase in collectively assessed credit impairment and increase in individually assessed credit impairment due to lower write-backs and recoveries.

Pacific

Cash profit increased driven by higher net interest margin, loss on the planned closure of ANZ American Territories in 2022, and higher credit impairment release due to higher write-backs.

Group Centre

2023 included the recycling of foreign currency translation reserves (FCTR gain) from other comprehensive income to profit or loss on dissolution of a number of legal entities, a loss on sale of data centres in Australia, transaction related costs, and the initial CSLR Levy. 2022 included the recycling of FCTR loss from other comprehensive income to profit or loss on dissolution of a number of legal entities, and a net charge on lease modification impacts of a significant lease arrangement.

Management commentary
(no financial statements)

FINANCIAL POSITION OF THE GROUP

Condensed balance sheet

	As at		
	2023 $b	2022 $b	Movt
Assets			
Cash / Settlement balances owed to ANZ / Collateral paid	**186.1**	185.6	0%
Trading assets and investment securities	**134.0**	121.4	10%
Derivative financial instruments	**60.4**	90.2	-33%
Net loans and advances	**707.7**	672.4	5%
Other	**17.8**	16.0	11%
Total assets	**1,106.0**	1,085.6	2%
Liabilities			
Settlement balances owed by ANZ / Collateral received	**29.7**	30.0	-1%
Deposits and other borrowings	**815.2**	797.3	2%
Derivative financial instruments	**57.5**	85.1	-32%
Debt issuances	**116.0**	93.7	24%
Other	**18.5**	13.2	40%
Total liabilities	**1,036.9**	1,019.3	2%
Total equity	**69.1**	66.4	4%

Trading assets and investment securities increased $12.6 billion (+10%) driven by an increase in government and semi-government bonds, and treasury bills.

Derivative financial assets and liabilities decreased $29.8 billion (-33%) and $27.6 billion (-32%) respectively driven by market rate movements and maturing prior period foreign exchange spot and forwards positions.

Net loans and advances increased $35.3 billion (+5%) driven by home loan growth in the Australia Retail ($21.6 billion) and New Zealand ($3.0 billion) divisions, higher lending volumes in the Australia Commercial ($1.8 billion) and Institutional ($1.8 billion) divisions and the impact of foreign currency translation.

Deposits and other borrowings increased $17.9 billion (+2%) driven by increases in customer deposits in the Australia Retail ($14.8 billion), Institutional ($2.7 billion) and New Zealand ($1.8 billion) divisions, an increase in certificates of deposit ($7.8 billion) and the impact of foreign currency translation. This was partially offset by decreases in deposits from banks and repurchase agreements ($11.2 billion) and commercial paper ($6.3 billion).

Debt issuances increased $22.3 billion (+24%) driven by the issue of new senior and subordinated debt, including ANZ Capital Notes 8.

Liquidity

	Average 2023	2022
Total liquid assets ($b) [1]	268.3	241.7
Liquidity Coverage Ratio (LCR) [1]	130%	131%

1. Full year average, calculated as prescribed per APRA Prudential Regulatory Standard (APS 210 Liquidity) and consistent with APS 330 requirements.

The Group holds a portfolio of high quality unencumbered liquid assets in order to protect the Group's liquidity position in a severely stressed environment, as well as to meet regulatory requirements. High Quality Liquid Assets comprise three categories, with the definitions consistent with Basel 3 LCR:

- Highest-quality liquid assets: cash, 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: 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: eligible securities listed by the RBNZ and assets 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.

The LCR remained above the regulatory minimum of 100% throughout this period.

Funding

	2023 $b	2022 $b
Customer liabilities (funding)	659.1	628.4
Wholesale funding	316.8	300.3
Shareholders' equity	69.1	66.4
Total funding	1,045.0	995.1
Net Stable Funding Ratio	116%	119%

The Group targets a diversified funding base, avoiding undue concentration by investor type, maturity, market source and currency.

Net Stable Funding Ratio remained above the regulatory minimum of 100% throughout this period.

During 2023, the ANZ Bank Group issued $39.9 billion term wholesale debt funding (of which $3.0 billion was pre-funding for the 2024 financial year) with a remaining term greater than one year as at 30 September 2023, and $1.5 billion of Additional Tier 1 Capital.

Capital management[1]

	2023	2022	Movt
Common Equity Tier 1 (Level 2)			
- APRA Basel III	**13.3%**	12.3%	
Credit risk weighted assets ($b)	**349.0**	359.4	-3%
Total risk weighted assets ($b)	**433.3**	454.7	-5%
APRA Leverage Ratio	**5.4%**	5.4%	

1. 2022 comparatives are based on APRA Basel 3 requirements, whereas 2023 is based on the Capital Reform Requirements.

ANZ's framework includes managing to Board approved risk appetite settings and maintaining all regulatory requirements. APRA requirements at Level 1 and Level 2 include ANZ operating at or above APRA's expectation for Domestic Systematically Important Banks (D-SIBs) following the implementation of APRA's Capital Reform which was effective January 2023.

APRA, under the authority of the *Banking Act 1959*, sets minimum regulatory requirements for banks including what is acceptable as regulatory capital and provides methods of measuring the risks incurred by ANZ Bank Group.

APRA Capital Reform

APRA released new bank capital adequacy requirements applying to Australian incorporated registered banks, which are set out in APRA's Banking Prudential Standard documents. ANZ implemented these new requirements from 1 January 2023. The application of APRA Capital Reform reduced RWA by $34.5 billion, equivalent to a 100 bps CET1 ratio benefit. This was partially offset by APRA's expectations that ADIs operate a higher capital ratio to maintain an unquestionably strong level.

The ANZ Bank Group's Common Equity Tier 1 ratio was 13.3% based on APRA Basel III standards, exceeding APRA's minimum requirements. It increased 105 bps driven by cash earnings, and APRA Capital Reform impacts. This was partially offset by the impact of dividends paid during the year, underlying RWA movement, capital deductions and surplus capital transferred to ANZGHL as part of the Restructure.

At 30 September 2023, the Group's APRA leverage ratio was 5.4% which is above the 3.5% proposed minimum for internal ratings-based approach ADI (IRB ADI), which includes ANZ.

Dividends

ANZBGL paid the following dividends during the year:

- $2,213 million final dividend to ANZ shareholders on 15 December 2022;
- $1,000 million special dividend to its intermediate holding company, ANZ BH Pty Ltd, a wholly owned subsidiary of ANZGHL, as part of the Restructure on 3 January 2023; and
- $2,387 million interim dividend to ANZ BH Pty Ltd on 3 July 2023.

On 10 November 2023, the Directors proposed a final dividend of $2,825 million be paid on 22 December 2023, to ANZ BH Pty Ltd.

Further details on dividends provided for or paid during the year ended 30 September 2023 are set out in Note 6 Dividends in the Financial Report.

Management commentary
(no financial statements)

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Management commentary
(no financial statements)

REMUNERATION REPORT

Ilana Atlas, AO
Chair – Human Resources Committee

2023 Remuneration Report – audited

Dear Shareholder,

ANZ delivered strong results strategically, financially and culturally in financial year 2023. Our performance highlights are contained in the Chairman and CEO's messages within the Annual Report.

The Group achieved a total shareholder return (TSR) of 20% over the past financial year with contribution from both share price appreciation and dividends paid. ANZ's three-year TSR was 76%.

The team has produced good year-on-year outcomes while investing in a number of longer-term strategic initiatives that will position us well for the future. This includes ongoing investment in our Retail Platform ANZ Plus which at the end of 2023 had 465K customers and $9.4bn in deposits, growth in our industry leading high returning Institutional Payments Cash Management and Platform Services businesses and in our Commercial business which delivered close to 20% of ANZ's Group Profit.

The Group maintained a high degree of risk discipline during this volatile period with the foundational work completed over prior years positioning us well to manage financial and non-financial risk in a considered and thoughtful way. There was a material uplift in the work to embed a non-financial risk framework, and other risk related programs remain on track despite their complexity.

Our employee engagement score has remained the highest in the Australian banking sector and improved even further to now sit equal to the world's best companies in any industry. We have made substantial progress in hiring and promoting women into leadership roles, and significantly, three of our four Divisions are now led by women.

2023 variable remuneration outcomes

As a Board, we believe we have appropriately recognised the results achieved by the executive team who have delivered a strong result for the bank and shareholders, in a challenging environment.

Our Chief Executive Officer (CEO), Shayne Elliott, performed well this year and in the Board's view deserves an assessment of well above target for his personal objectives. He also has ultimate accountability for the broader Group's performance which was assessed as above target.

The Board determined the appropriate 2023 Short Term Variable Remuneration (STVR) outcome was 96% of his maximum opportunity (120% of target opportunity). This is the first above target STVR award for the CEO since commencing in the role in 2016.

2023 Long Term Variable Remuneration (LTVR) was the first LTVR award under our new executive remuneration structure. A recap of the remuneration structure (to ensure compliance with APRA *CPS 511 Remuneration),* is summarised in section 3.2. The CEO's proposed 2024 LTVR of $3.375m will be subject to a shareholder vote at the upcoming Annual General Meeting (AGM).

For Disclosed Executives, the Board approved 2023 STVR outcomes which range from 80% to 100% of maximum opportunity (average 89%). This reflects their individual and Divisional performance and the above target assessment for Group performance. 2023 LTVR (50% performance rights and 50% restricted rights) was awarded at full opportunity at the start

Management commentary
(no financial statements)

of the 2023 year, following the Board's pre grant assessment for restricted rights determining that no reduction was required.

There were no performance rights due to vest in financial year 2023, as a result of a change in the performance period from three years to four years in 2019.

2023 fixed remuneration

As reported last year, effective for 2023, Disclosed Executives (excluding the CEO), received a fixed remuneration (FR) adjustment of ~4% as a result of the changes we made to the executive remuneration structure in 2022 (i.e., to balance the significant reduction in their maximum variable remuneration opportunity from 402% to 235% of FR). There were no further increases except for the Group Executive, Technology & Group Services who received a market adjustment reflecting the expansion of responsibilities effective 1 November 2022.

Changes to the way we remunerate executives

For future LTVR awards of performance rights (i.e., these changes apply from financial year 2024 and do not apply to awards currently on foot), the Board has approved that:

- for the relative TSR hurdle: DBS Bank Limited to be removed from the Select Financial Services (SFS) comparator group to better balance the weighting of international peers in our comparator group;
- for the absolute Compound Annual Growth Rate (CAGR) TSR hurdle: CAGR targets to be based on the time weighted cost of capital over the four-year performance period (rather than the cost of capital at the start of the period), to better reflect cyclical factors impacting shareholders for improved shareholder alignment.

See section 7.2.5 for detail.

Non-Executive Director (NED) fees

While there were no changes to NED fees for 2023, some uplifts for 2024 have been approved. For 2024, there is no uplift to the Board Chair fee, a 2% uplift to the NED member fee (noting that this is the first increase since 2016), and uplifts to fees for Committee chairs and members (see section 9.1).

This was a year of good performance, where we achieved good results in the year, while also making significant progress towards creating long-term value. Thank you to all our employees for their commitment and contribution this year.

On behalf of the Board, I invite you to consider our Remuneration Report which will be presented to shareholders at the 2023 AGM.

Ilana Atlas, AO Chair – Human Resources Committee

CONTENTS

Management commentary (no financial statements)

The Remuneration Report for Australia and New Zealand Banking Group Limited (ANZBGL) outlines our remuneration strategy and structure and the remuneration practices that apply to Key Management Personnel (KMP). This report has been prepared, and audited, as required by the *Corporations Act 2001*. It forms part of the Directors' Report.

It should be noted that ANZ Group Holdings Limited (ANZGHL) replaced Australia and New Zealand Banking Group Limited (ANZBGL) as the listed entity on 3 January 2023 under a scheme of arrangement approved by shareholders at the Annual General Meeting (AGM) on 15 December 2022. This report includes disclosures for the full financial year 2023 (1 October 2022 to 30 September 2023). Ordinary shares and employee equity (deferred shares, deferred share rights, restricted rights and performance rights) held prior to 3 January 2023 were previously ANZBGL related equity – post the listing of ANZGHL the equity was converted to ANZGHL related equity. **References to 'the Board' throughout this report mean the Boards of ANZGHL and ANZBGL.** Section 4 Group Performance relates to ANZGHL rather than ANZBGL given this forms the basis for determining performance and remuneration outcomes for the CEO and Disclosed Executives.

1 WHO IS COVERED BY THIS REPORT

KMP are Directors of the Group (or entity) (whether executive directors or otherwise), and those personnel with a key responsibility for the strategic direction and management of the Group (or entity) (i.e., members of the Group Executive Committee (ExCo)) who have Banking Executive Accountability Regime (BEAR) accountability and who report to the Chief Executive Officer (CEO) (referred to as Disclosed Executives).

1.1 Disclosed Executive and Non-Executive Director changes[1]

There were several changes to our KMP during the 2023 year:

- Graham Hodges commenced as a Non-Executive Director (NED) on 8 February 2023.
- Graeme Liebelt retired as a NED on 15 December 2022, at the conclusion of the 2022 AGM.
- Holly Kramer commenced as a NED on 1 August 2023.
- Gerard Florian was appointed to the expanded role of Group Executive, Technology & Group Services, and Antony Strong was appointed to ExCo as Group Executive, Strategy & Transformation, effective 1 November 2022.
- Clare Morgan commenced with ANZ in the Group Executive, Australia Commercial role effective 6 March 2023.
- Kathryn van der Merwe concluded as ANZ's Group Executive, Talent & Culture and Service Centres in May 2023 – the responsibilities of the role were subsequently split on an acting capacity[1], with Richard Howell appointed as Acting Group Executive, Talent & Culture from 1 June 2023.

1.2 Key Management Personnel (KMP)

The KMP whose remuneration is disclosed in this year's report are:

2023 Non-Executive Directors (NEDs) – Current

P O'Sullivan	Chairman
I Atlas	Director
J Halton	Director
G Hodges	Director from 8 February 2023 (ANZBGL NED only)
J Key	Director
H Kramer	Director from 1 August 2023
J Macfarlane	Director
C O'Reilly	Director
J Smith	Director

2023 Non-Executive Directors (NEDs) – Former

G Liebelt	Former Director – retired 15 December 2022

2023 Chief Executive Officer (CEO) and Disclosed Executives – Current

S Elliott	CEO and Executive Director
M Carnegie	Group Executive, Australia Retail
K Corbally	Chief Risk Officer (CRO)
F Faruqui	Chief Financial Officer (CFO)
G Florian	Group Executive, Technology & Group Services from 1 November 2022 (previously Group Executive, Technology to 31 October 2022)
R Howell	Acting Group Executive, Talent & Culture (GE T&C) from 1 June 2023
C Morgan	Group Executive, Australia Commercial from 6 March 2023
A Strong	Group Executive, Strategy & Transformation from 1 November 2022
A Watson	Group Executive and CEO, New Zealand
M Whelan	Group Executive, Institutional

2023 Disclosed Executives – Former

K van der Merwe	Former Group Executive, Talent & Culture and Service Centres (GE T&C) – concluded in role 31 May 2023 and ceased employment 30 June 2023

Changes to KMP since the end of 2023 up to the date of signing the Directors' Report, as announced:

- Richard Howell ceased as Acting Group Executive, Talent & Culture, effective 8 October 2023.
- Elisa Clements appointed to ExCo as Group Executive, Talent & Culture, effective 9 October 2023.

1. The responsibility for ANZ's Capability Centres (formally known as Service Centres) in an acting capacity was taken over by Sreeram Iyer, Chief Operating Officer Institutional, who does not meet the definition of a KMP.

Management commentary
(no financial statements)

2 2023 OUTCOMES AT A GLANCE

Chief Executive Officer (CEO) remuneration

FOR 2023, OUR CEO:

- Had no increase to fixed remuneration (FR).
- Was awarded Short Term Variable Remuneration (STVR) of 96% of maximum opportunity, reflecting his overall performance assessment of well above target (see section 5.2.1).
- Was awarded Long Term Variable Remuneration (LTVR) of $3.375m following shareholder approval at the 2022 AGM.
- Received total remuneration of $4.6m in 2023 (i.e., includes the value of prior equity awards which vested in 2023 as per section 5.1).

Disclosed Executive remuneration

FOR 2023:

- Disclosed Executives received a FR adjustment on 1 October 2022 (in accordance with changes we made to the executive remuneration structure in 2022, previously disclosed in the 2022 Remuneration Report). There were no further increases to FR for Disclosed Executives for 2023 except for the Group Executive, Technology & Group Services who received a market adjustment reflecting the expansion of responsibilities effective 1 November 2022.
- Disclosed Executives' STVR outcomes averaged 89% of maximum opportunity, with individual outcomes ranging from 80% to 100% of maximum opportunity.
- Disclosed Executives were awarded their full LTVR opportunity of 135% of FR (100% of FR for the CRO) (see section 5.4).

Restricted rights and Performance rights outcomes (CEO and Disclosed Executives)

The Board determined that the 2023 LTVR restricted rights (RR) should be made at full award value based on the outcome of the pre grant assessment (see section 5.3).

There were no performance rights (PR) due to vest in financial year 2023, as a result of a change in the performance period from three years to four years (i.e., 2018 PR award vested in Nov/Dec 2021, however 2019 PR award is not due to vest until Nov/Dec 2023).

Non-Executive Director (NED) fees

No increases to NED fees for 2023 (see section 9.1).

Management commentary
(no financial statements)

3 OVERVIEW OF ANZ'S REMUNERATION STRUCTURE

3.1 Remuneration framework overview

The following overview highlights how the executive remuneration framework supports ANZ's purpose and strategy, reinforces ANZ's focus on risk management, and aligns to shareholder value.

ANZ'S PURPOSE AND STRATEGY[1]

Is underpinned by our Performance and Remuneration Policies which include our Reward Principles:

Attract, motivate and keep great people	Reward our people for doing the right thing having regard to our customers and shareholders	Focus on **how** things are achieved as much as **what** is achieved	Fair and simple to understand

With remuneration delivered to our CEO and Disclosed Executives through:

Fixed remuneration (FR)	Variable remuneration	
	Short Term Variable Remuneration (STVR)	Long Term Variable Remuneration (LTVR)

Reinforced by aligning remuneration and risk:

Assessing behaviours based on ANZ's values and risk/compliance standards (including the BEAR)	Determining variable remuneration outcomes with risk as a modifier – impacting outcomes at both a pool and individual level	Weighting remuneration toward the longer-term with a significant proportion at risk	Emphasising risk in the determination and vesting of LTVR RR (see section 7.2.4)	Reinforcing the importance of risk culture in driving sustainable long-term performance in the LTVR design
Providing material weight to non-financial metrics (particularly risk) in line with APRA requirements	Ensuring risk measures are considered over a long time horizon (up to 5 and 6 years)	Determining accountability and applying consequences where appropriate	Strengthening risk consequences with clawback (see section 7.3)	Prohibiting the hedging of unvested equity

While supporting the alignment of executives and shareholders through:

Substantial shareholding requirements	Significant variable remuneration deferral up to 5 and 6 years in ANZ equity	Use of relative and absolute total shareholder return (TSR) hurdles	Consideration of cash profit and economic profit in determining the ANZ Incentive Plan (ANZIP) variable remuneration pool	Consideration of the shareholder experience (in respect of the share price and dividend) in determining ANZIP pool and individual outcomes

While governed by:

The Human Resources (HR) Committee and the Board determining FR and the variable remuneration outcomes for the CEO and each Disclosed Executive. Additionally, the CEO's LTVR outcome is also subject to shareholder approval at the AGM.

Board discretion (with supporting decision-making frameworks) is applied when determining performance and remuneration outcomes (including grant of short and long-term variable remuneration awards), before any scheduled release of previously deferred remuneration (see section 7.3), before the vesting of LTVR RR (see section 7.2.4), and in applying any required consequences (see section 8).

1. See the 'Our purpose and strategy' section of the Annual Report.

Management commentary
(no financial statements)

3.2 Overview of remuneration structure

CEO and Disclosed Executives (DEs) (excluding CRO[1])

	Fixed Remuneration **(FR)**	Short Term Variable Remuneration **(STVR)**[2]	Long Term Variable Remuneration **(LTVR)**
Mix at Maximum	30%	30%	40%
Maximum opportunity	100% of FR	100% of FR	135% of FR
Delivery	Cash and superannuation contributions	50% Cash / 50% Deferred shares (DS)	50% Restricted rights (RR) / 50% Performance rights (PR)
Timing/ deferral		Awarded at end of year based on Group and individual performance	• Awarded at start of year subject to – **RR:** Pre grant assessment (risk-based measures) – **RR & PR:** Shareholder approval at AGM for CEO award • Performance condition tested at end of 4-year performance period – **RR:** Pre vest assessment (risk-based measures) – **PR:** Relative and absolute TSR hurdles

Fixed Remuneration:
- **YEAR 1** Cash 100%

Short Term Variable Remuneration:
- **YEAR 1** Cash 50%
- **YEAR 2** DS 25%
- **YEAR 3** DS 25%

Long Term Variable Remuneration:

For **both** RR and PR:

Deferral period = 4-year Performance Period + Holding Period (HP)

4-year Performance Period | ~1 yr HP | ~2 yr HP

- **YEAR 4** CEO: 33% / DE: 50%
- **YEAR 5** CEO: 33% / DE: 50%
- **YEAR 6** CEO 34%

All variable remuneration is subject to the Board's ongoing discretion to apply in-year adjustments, malus and clawback

1. CRO mix: 33.3% FR / 33.3% STVR / 33.3% LTVR. STVR maximum opportunity: the same as CEO/DE at 100% of FR, LTVR maximum opportunity: 100% of FR and delivered as 100% RR to support independence. **2.** If the CEO receives above target STVR, the amount above target will be delivered as 40% cash and 60% DS (20% year 4, 20% year 5, 20% year 6) to ensure compliance with the minimum deferral requirements with respect to BEAR and APRA's Prudential Standard *CPS 511 Remuneration*.

As communicated in our 2022 Remuneration Report, the introduction of a new Prudential Standard *CPS 511 Remuneration* by our regulator APRA drove a detailed review of the way we reward our CEO and Disclosed Executives. The Board approved changes to the executive remuneration structure, effective from the 2022 financial year.

The structure has been designed to:

- Maintain a strong focus on performance and risk management
- Promote effective management of financial and non-financial risks
- Provide material weight to non-financial metrics for variable remuneration outcomes (in line with APRA requirements)
- Ensure long-term focus and shareholder alignment
- Balance meeting the *CPS 511* requirements and having a market competitive remuneration structure

Key features of the structure include:

- Balanced vesting over the short and long-term, with deferral of a significant proportion of variable remuneration (~80%) over 2 to 5 years (and over 2 to 6 years for the CEO)
- Strong risk and remuneration consequences, including clawback applying for two years post the payment/vesting of all variable remuneration
- Rewarding executives for both annual performance and also performance over the longer term
- Future focused LTVR comprising a combination of risk-based and TSR hurdles

Management commentary
(no financial statements)

4 GROUP PERFORMANCE

4.1 Assessment against the ANZ Group Performance Framework for 2023

The ANZ Group Performance Framework is approved by the Board at the start of each year. It plays a key role to:

- message internally what matters most;
- reinforce the importance of sound management in addition to risk, financial, customer, and people outcomes; and
- inform focus of effort, prioritisation and decision-making across ANZ.

Assessment of performance against the ANZ Group Performance Framework provides a key input:

- in determining the size of the ANZ Incentive Plan (ANZIP) pool, which funds STVR for Disclosed Executives; and
- in the overall performance assessment for the CEO (50% weighting) and Disclosed Executives (25% - 50% weighting), which informs STVR outcomes.

A range of objective indicators and subjective factors are considered including management input on work undertaken, evidence of outcomes realised and lessons learned, and with consideration given to the operating, regulatory and competitive environment.

Overall, performance in 2023 was assessed as above target with all business lines contributing strongly.

On the following pages we have outlined ANZ's 2023 performance objectives and provided a summary of outcomes for each of the key performance categories to inform the overall assessment for 2023.

As managing risk appropriately is fundamental to the way ANZ operates, risk forms an integral part of the assessment, directly impacting the overall ANZ Group Performance Framework outcome (a modifier ranging from 0% to 110% of the ANZ Group Performance assessment).

RISK

Modifier

0 TO 110%

Overall assessment

On target (no adjustment)

×

FINANCIAL DISCIPLINE & OPERATIONAL RESILIENCE		CUSTOMER		PEOPLE & CULTURE
35% weight	+	35% weight	+	30% weight
Overall assessment **Well above target**		Overall assessment **Below target**		Overall assessment **Above target**

=

OVERALL

Group Performance

Assessment

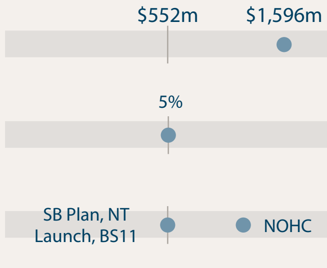
Above target

Management commentary
(no financial statements)

FINANCIAL DISCIPLINE & OPERATIONAL RESILIENCE

Assessment (35% weight): **Well above target**

Key objectives	Outcomes
Run core businesses well, focused on delivering sustainable growth and operational improvements	Below / Target / Above
Deliver Group economic profit to plan or better in a high-quality manner	**Economic Profit** (ex large / notables[1])
Contain total cost growth to support the ambition of our 3yr Strategic Plan	**Total Cost Growth** (fx adj ex large / notables[1])
Deliver / progress key change programs – plan for day 1 integration of Suncorp Bank (SB), NOHC structure, BS11, Ngā Tapuwae (NT)	**Programs**

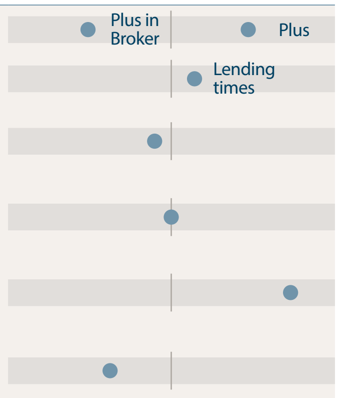


- Significant improvement in financial performance (see section 4.2.1) with Economic Profit[2] (+293%) and Cash NPAT (+14%) up YoY, as a result of:
  - Strong growth in net interest income (+11% YoY), driven by (i) disciplined volume growth across our divisions and (ii) improved margin outcomes – in a supportive rate environment, but in the face of continuing home loan competition and customer shifts to higher rate deposit products.
  - All four businesses performing strongly against their Plans.
  - Continued low credit impairment charges ($245m), as a result of improved portfolio credit quality, and long-term discipline regarding customer selection.
- Costs were managed well in line with market guidance (of +5% YoY, fx adj ex large/notables), with significant productivity gains and management focus on our investment slate, which helped to partially offset significant headwinds (e.g., inflationary pressure).
- We implemented the NOHC structure in a short time frame, BS11 was delivered (the first of any bank in NZ), Ngā Tapuwae has launched (to move ANZ NZ core to cloud and redesign business for greater resilience, agility and lower cost), and we are operationally ready to integrate Suncorp (if our application to the Australian Competition Tribunal is successful).

CUSTOMER

Assessment (35% weight): **Below target**

Key objectives	Outcomes
Deliver great customer outcomes, focused on improving the financial wellbeing, sustainability and experience of priority segments	Below / Target / Above
Australia Retail: accelerate ANZ Plus customer acquisition and engagement and ensure Plus Home Loan is in market, including the broker channel; and maintain home lending turnaround times in line with or better than major banks	**Aus Retail** **Aus Retail**
Australia Commercial: materially improve customer and banker experience	**Aus Commercial**
New Zealand: continue to make banking easier	**NZ**
Institutional: make meaningful progress on environmental sustainability strategies	**Institutional**
Business Services: transition our four business services to a uniform service approach	**Business Services**



- **Australia Retail:** Significant progress with ANZ Plus, exceeding 2023 targets related to active customers (465K vs 400K target), funds under management (FUM) ($9.4bn vs $4bn target), and Net Promoter Score (NPS) scores (e.g., Join NPS of +52 vs 45 target). Plus Home Loans launched, although not via the broker channel as planned. Turnaround times in Classic Home Loans have been stable for the entire year and within the range targeted (<3 days), while growing market share (32 bps), and improving Home Lending NPS from 71.1 in 2022 to 76.1 in 2023.
- **Australia Commercial:** Strategy is being executed with early signs of success (e.g., faster and simpler application process; time to final decision on a small business loan improved from 12 to 9.3 days, launch of market leading "streamlined unsecured lending" offering simpler processes, NPS of 29.9 vs 26.5 in 2022); however we targeted a more material improvement in customer and banker experience.
- **New Zealand:** Remain #1 for Brand Consideration. Data capability enhanced with acquisition of DOT Loves Data. Successful launch of Business Regrowth Loans and Business Visa Debit for business customers.
- **Institutional:** Continued leading Asia Pacific market in improving social and environmental outcomes and supporting our customers' transition to net zero – having achieved close to $47bn of our 2025 sustainable solutions target of $50bn on 31 March 2023, and rolled out a new $100bn target (by the end of 2030) from 1 April 2023. Institutional extended its leadership in the Peter Lee[3] surveys, with the highest Relationship Strength Index scores ever achieved by any bank in both Australia and NZ, and our best ever Transaction Banking results (including ranking #1 for product development and innovation, and system implementation for the first time), further strengthening our leadership in the provision of Payments and Cash Management solutions in Australia and NZ (#1 market share).
- **Business Services:** Our ambition to build enterprise-wide Business Services as a more efficient and resilient path to service delivery, is behind plan, however progress has been made.

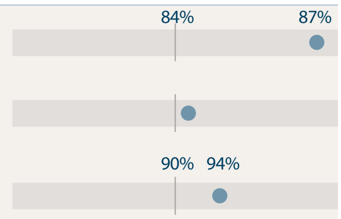
1. 2. 3. See footnotes over page.

Management commentary
(no financial statements)

PEOPLE & CULTURE

Assessment (30% weight): **Above target**

Key objectives	**Outcomes**
Build a culture where our diverse teams are engaged and optimised for success	Below / Target / Above
Maintain industry leading **employee engagement**	
Continue to improve our **project delivery capability**	
Retain **high performers** (particularly those with the critical skills and priority capabilities to reinvent banking)	



- We have continued our purposeful focus on strengthening leadership, capability, culture and project delivery, as evidenced by the execution of a range of supporting initiatives delivering value, our highly engaged workforce, and recognition as a great place to work.
  - Our engagement score is industry leading for financial services at 87% (vs 84% in 2022), and equal to the world's best companies in any industry, and we have also maintained our #1 ranking amongst major bank peers in Glassdoor[4] employer of choice ratings.
  - We made good progress on Women in Leadership at 37.3% (vs a target of 36.9%), and up on 2022 outcome of 35.9%. Three out of four of our business divisions are led by women.
  - Our project delivery capability continues to improve, and after a sustained effort and investment we are seeing material uplift in our delivery capability (supported by various independent reports to the Board).
  - Uplift in leadership capability with investment in a range of programs (e.g., Lead@ANZ rolled out to ~5,600 people leaders, Executive Leadership Series with NPS>50). Capability uplift in priority areas (e.g., launch of Engineering Career Pathways to support the development of technical mastery across critical specialisations, roll out of a Customer Coaching program, implementation of Career Programs strategy resulting in a 100% increase in applications to the 2024 Graduate Program).

RISK MODIFIER

Assessment: **On target (no adjustment)**

Continued sound risk discipline with no major regulatory, credit, audit or market breaches.

- Strong credit outcome with no material credit events recorded.
- Ongoing progress in delivering key regulatory commitments and uplifting non-financial risk management (through the further implementation of our new Group wide non-financial risk framework), although the APRA imposed operational risk overlay of $500m remains.
- Strengthening risk culture (including achieving the target state of 'Sound' and continuing to achieve a high 'Speak Up' index of 84%), reflecting sustained efforts to encourage people to speak up and challenge each other respectfully.
- No repeat adverse audits, no material Risk Appetite Statement breaches, and no material non-financial risk events.

BOARD DISCRETION

Assessment: **No adjustment**

After several years of focus on simplifying ANZ through the sale of businesses and cost restructuring, ANZ has successfully delivered sustainable growth in the remaining core businesses against a backdrop of increased changes in consumer behaviour, a slowdown in the economy, as well as increasing disruption in Financial Services (via the rise of new digitally enabled business models and non-bank competitors). The outcome also aligns strongly with the shareholder experience (see section 4.2.2).

Overall, the Board view that an 'above target' assessment accurately reflects overall performance in 2023, noting that STVR outcomes for the CEO and Disclosed Executives also take into consideration performance against individual objectives.

OVERALL ASSESSMENT

Assessment: **Above target**

The above target assessment appropriately reflects our performance with all business lines each contributing strongly together to achieve above target financial results and strong performance against our strategic objectives - positioning ANZ well for the future.

1. The Group's results include a number of items collectively referred to as large/notable items. Given the nature and significance they are considered separately given the target was established without consideration of large notables. **2.** Economic profit is a risk adjusted profit measure used to evaluate business unit performance and is not subject to audit by the external auditor. Economic profit is calculated via a series of adjustments to cash profit with the economic credit cost adjustment replacing the accounting credit loss charge; the inclusion of the benefit of imputation credits (measured at 70% of Australian tax) and an adjustment to reflect the cost of capital. The economic profit increase in 2023 was driven by higher cash profit, favourable economic credit cost adjustment and higher imputation credits, partially offset by higher cost of capital. **3.** Peter Lee Associates 2022 Large Corporate and Institutional Relationship Banking surveys, Australia and NZ. **4.** Glassdoor is a website where employees and former employees anonymously review companies and their management.

Management commentary
(no financial statements)

4.2 ANZ Performance Outcomes

4.2.1 ANZ'S FINANCIAL PERFORMANCE 2019–2023

When determining variable remuneration outcomes for the CEO, Disclosed Executives and employees a range of different financial indicators are considered. The Group uses cash profit[1] as a measure of performance for the Group's ongoing business activities, as this provides a basis to assess Group and Divisional performance against earlier periods and against peer institutions. The adjustments made in arriving at cash profit are included in statutory profit which is subject to audit. Although cash profit is not audited, the external auditor has informed the Audit Committee that the cash profit adjustments have been determined on a consistent basis across each period presented.

Statutory profit is flat compared to the prior financial year, while cash profit from continuing operations has increased almost 14%. Underlying performance reflects stronger revenue from lending volumes across our divisions together with improved net interest margin in a supportive rate environment which enable continued focus on investing for growth.

The table below provides ANZ's financial performance, including cash profit, over the last five years.

	2019	2020	2021	2022	2023
Statutory profit attributable to ordinary shareholders ($m)	5,953	3,577	6,162	7,119	**7,098**
Cash profit[1] ($m, unaudited)	6,161	3,660	6,181	6,496	**7,405**
Cash profit – Continuing operations ($m, unaudited)	6,470	3,758	6,198	6,515	**7,405**
Cash profit before provisions – Continuing operations ($m, unaudited)	9,958	8,369	8,396	8,968	**10,754**
Cash ROE (%) – Continuing operations (unaudited)	10.9	6.2	9.9	10.4	**10.9**
Cash EPS – Continuing operations (unaudited)	220.2	128.7	216.5	228.8	**247.1**
Share price at 30 September ($) (On 1 October 2018, opening share price was $27.80)	28.52	17.22	28.15	22.80	**25.66**
Total dividend (cents per share)	160	60	142	146	**175**
Total shareholder return (12 month %)	9.2	(36.9)	70.7	(14.0)	**20.0**

1. Cash profit excludes non-core items included in statutory profit with the net after tax adjustment resulting in an increase to statutory profit of $307m for 2023, made up of several items. It is provided to assist readers understand the results of the core business activities of the Group.

4.2.2 ANZ TSR PERFORMANCE (1 TO 10 YEARS)

The table below compares ANZ's TSR performance against the median TSR and upper quartile TSR of the PR Select Financial Services (SFS) comparator group[1] over one to ten years, noting that for this table TSR is measured over a different timeframe (i.e., to 30 September 2023) to the performance period for our PR.

- ANZ's TSR performance was above the median TSR of the SFS comparator group[1] when comparing over one year; and
- below the median over three, five and ten years.

	Years to 30 September 2023			
	1	3	5	10
ANZ (%)	**20.0**	**76.3**	**19.7**	**46.1**
Median TSR SFS (%)	14.6	77.3	29.8	60.0
Upper quartile TSR SFS (%)	22.3	90.9	60.9	128.2

1. See section 7.2.5 for details of the SFS comparator group.

Management commentary
(no financial statements)

5 2023 CEO AND DISCLOSED EXECUTIVE OUTCOMES

Variable remuneration is 'at risk' remuneration and can range from zero to maximum opportunity.

With the exception of the CEO's STVR, individual variable remuneration outcomes for all other employees including STVR for Disclosed Executives are funded under the ANZ Incentive Plan (ANZIP). The Board decides the CEO's variable remuneration outcomes separately to help mitigate potential conflicts of interest. See section 10.1.3.

At the end of each financial year the Board exercise their judgement to determine a fair and reasonable ANZIP pool. An assessment of financial performance guides the pool range but it is not a formulaic outcome. The Board considers a range of factors including:

- The ANZ Group Performance Framework assessment (see section 4.1).
- The quality of earnings and operating environment.
- The shareholder experience during 2023 such as shareholder returns and dividend comparison with prior periods.
- Our Reward Principles such as attract, motivate and keep great people (see section 7).

Annual performance objectives are set at the Group and also at the Divisional/individual level at the start of each year. They are designed to be stretching yet achievable. The HR Committee and the Board make variable remuneration outcome decisions for the CEO and Disclosed Executives following lengthy and detailed discussions and assessment, supported by comprehensive analysis of performance from a number of sources.

Where expectations are met, STVR is likely to be awarded around 80% of maximum opportunity. Where performance is below expectations, STVR will be less (potentially down to zero), and where above expectations, STVR will be more (potentially up to maximum opportunity).

LTVR will be awarded at the beginning of the year, based on full opportunity unless the LTVR RR pre grant assessment results in any reduction (and is also subject to shareholder approval for the CEO).

Remuneration outcomes have been presented in the following three ways:

i. RECEIVED remuneration
(see section 5.1)

ii. AWARDED remuneration
(see sections 5.2, 5.3 and 5.4)

iii. STATUTORY remuneration
(see section 11.1)

5.1 2023 Received remuneration

This table shows the remuneration the CEO and Disclosed Executives actually received in relation to the 2023 financial year as cash paid, or in the case of prior equity awards, the value which vested in 2023.

FR adjustments were received by Disclosed Executives in accordance with the executive remuneration structure changes made in 2022, as disclosed in the 2022 Remuneration Report. There were no other adjustments to FR for Disclosed Executives in 2023, apart from the Group Executive, Technology & Group Services whose FR was increased on 1 November 2022 from $1.15m to $1.25m to reflect the expansion of responsibilities and to improve alignment with the market.

2023 Received remuneration – CEO and Disclosed Executives:

Received value includes the value of prior equity awards which vested in that year

	Fixed remuneration $	Cash variable remuneration $	Total cash $	Deferred variable remuneration which vested during the year[1] $	Other deferred remuneration which vested during the year[1] $	Actual remuneration received[2] $
CEO AND CURRENT DISCLOSED EXECUTIVES						
S Elliott	2,500,000	1,160,000	**3,660,000**	919,413	-	**4,579,413**
M Carnegie	1,250,000	550,000	**1,800,000**	561,264	-	**2,361,264**
K Corbally	1,250,000	532,500	**1,782,500**	471,287	-	**2,253,787**
F Faruqui	1,250,000	600,000	**1,850,000**	795,274	-	**2,645,274**
G Florian[3]	1,242,000	497,500	**1,739,500**	496,698	-	**2,236,198**
R Howell[4]	231,792	180,000	**411,792**	-	-	**411,792**
C Morgan[4,5]	627,000	250,000	**877,000**	-	407,000	**1,284,000**
A Strong[4]	690,000	315,100	**1,005,100**	291,162	-	**1,296,262**
A Watson[6]	1,106,505	472,570	**1,579,075**	450,151	-	**2,029,226**
M Whelan	1,460,000	730,000	**2,190,000**	753,723	-	**2,943,723**
FORMER DISCLOSED EXECUTIVES						
K van der Merwe[1,4]	780,000	n/a	**780,000**	488,194	-	**1,268,194**

1. Deferred variable remuneration which either vested or lapsed/forfeited during the year is the point in time value of previously deferred remuneration granted as deferred shares, deferred shares rights and/or restricted rights/performance rights, and is based on the one day Volume Weighted Average Price (VWAP) of the Company's shares traded on the ASX on the date of vesting or lapsing/forfeiture multiplied by the number of deferred shares/deferred share rights and/or restricted rights/performance rights. No previously deferred variable remuneration lapsed/forfeited during the year for the CEO or Disclosed Executives (due to no performance rights due to vest in 2023) other than for K van der Merwe -$4,880,967, which relates to forfeiture on resignation of unvested deferred remuneration. **2.** The sum of fixed remuneration, cash variable remuneration and deferred variable remuneration which vested during the year. **3.** Fixed remuneration reflects changes in fixed remuneration during the financial year due to expanded role (G Florian). **4.** Fixed remuneration based on time as a Disclosed Executive (R Howell, C Morgan, A Strong, K van der Merwe). **5.** Other deferred remuneration for C Morgan relates to deferred remuneration forfeited and bonus opportunity forgone as a result of joining ANZ, that was deferred as cash and vested during the year. **6.** Paid in NZD and converted to AUD. Year to date average exchange rate used to convert NZD to AUD as at 30 September for the relevant year.

Management commentary
(no financial statements)

5.2 Awarded STVR

At the end of the financial year, the HR Committee makes a recommendation to the Board for their approval in respect of STVR outcomes.

STVR will vary up or down year-on-year, it is not guaranteed, and may range from zero to a maximum opportunity.

These tables show a year-on-year comparison of STVR awarded to the CEO, and Disclosed Executives for the 2022 and 2023 performance periods. STVR awarded reflects actual cash and the deferred shares component of STVR **awarded** in respect of the relevant financial year. As non-cash components are subject to future vesting outcomes, the awarded value may be higher or lower than the future realised value.

2023 remuneration outcomes reflect both the overall performance of the Group and the performance of each individual/Division.

5.2.1 CEO

The Board determined that an STVR outcome of $2.4m (96% of maximum opportunity) was appropriate for 2023 having regard to both the overall performance of the CEO and also the overall performance of the Group. This is the first above target STVR award for the CEO since commencing in the role in 2016, reflecting the above target performance outcome in 2023 as summarised below.

'WHAT' ASSESSMENT SUMMARY	
ANZ Group Performance Framework - see section 4.1 (50% weighting)	Individual Strategic Objectives - see below (50% weighting)
Assessed as: **Above target**	Assessed as: **Well above target**
'HOW' ASSESSMENT SUMMARY	
ANZ Values & Behaviours	Individual Risk / Compliance Assessment
Assessed as: **Above expectations**	Assessed as: **Met expectations**
OVERALL PERFORMANCE ASSESSMENT	
Assessed as: **Well above target (120%)**	

Awarded STVR in the relevant financial year – CEO

			Actual STVR			STVR as % of	
	Financial year	STVR maximum opportunity $	Total STVR $	STVR cash $	STVR deferred shares $	Target opportunity	Maximum opportunity
CEO							
S Elliott	2023	2,500,000	2,400,000	1,160,000	1,240,000	120%	96%
	2022	2,500,000	1,860,000	930,000	930,000	93%	74%

Management commentary
(no financial statements)

2023 CEO individual strategic objectives

- Drive the strategic direction of the organisation, with particular focus on growth, home lending momentum and Commercial strategy in Australia, and embed our digital transformation, Sustainability, Platforms and Ecosystems
- Focus on sound risk management, operational excellence and resilience including system stability, to ensure ANZ has robust and reliable platforms to support long-term growth
- Lead and role model the culture and accountability required to transform ANZ
- Enhance the reputation of ANZ across all stakeholder groups
- Complete Suncorp acquisition with agreed integration plan
- Continue to build ExCo effectiveness and succession pipelines for ExCo and CEO

Board assessment of performance on individual strategic objectives:

The CEO delivered a strong performance this year. After several years focused on simplification of ANZ (disposal of businesses and internal re-structures), ANZ has moved to driving sustainable growth in each of the core businesses. Pleasingly, ANZ's record financial performance in 2023 was contributed to by each of the four core business divisions. The CEO's deliverables highlight that the key strategic building blocks are in place to support long-term performance.

The CEO has focused on executing and delivering sustainable growth in our core businesses. Key results include:

- ANZ Plus being the fastest growing new bank platform in Australia, including exceeding targets related to the number of active customers, funds under management and Net Promoter Scores
- Executing the Commercial strategy, with the new Division performing strongly - in large part due to the CEO's stewardship of this business (pre appointment of GE, Australia Commercial)
- Exceeding our ambitions to grow sustainability as a source of revenue through a range of sustainability banking activities such as, labelled sustainable finance (e.g., green and sustainability linked loans, bonds and guarantees), and banking activities to fund and facilitate the transition to a net zero economy (e.g., green buildings, renewable energy, energy efficiency, sustainable infrastructure)
- Recovery of home lending momentum, with growth exceeding 1x system target
- Improving share on Institutional payment platforms, with overall payments growing by ~8%
- Building digital ecosystems in support of the broader strategy (e.g., investments in View Media Group, DOT Loves Data and Pollination, and appointment of a new CEO in Cashrewards)

There has been continued strong risk discipline championed by the CEO, with emphasis on the right behaviours to identify, discuss, and act on risks the bank confronts and takes. Strengthening operational excellence and resilience has been a key focus of the CEO. Examples include:

- Clear progress in the build of a Group wide non-financial risk framework (with strong business leadership)
- Executed a very ambitious change agenda (e.g., technology uplift programs, ANZ Plus, NOHC implementation, Suncorp acquisition, Platform Services, major regulatory programs)
- Demonstration of strong cyber resilience, and positive achievements in the area of financial crime
- Delivery of BS11[1] (the first of any New Zealand bank) and the launch of Ngā Tapuwae[2] in NZ to unlock future growth in New Zealand

A key strength of the CEO is his strong advocacy and role modelling of ANZ's values and behaviours – create opportunities, deliver what matters, succeed together – as evidenced by all business lines contributing strongly to achieve a great performance outcome. The CEO's leadership translates into continuing high employee engagement (87%) – which is equal to the Global Best In Class across all industries. Similarly, ANZ's 'Speak Up' index at 84% reflects continued efforts to encourage a culture where people feel they can challenge each other respectfully.

The CEO continues to demonstrate his ability to communicate effectively and authentically with stakeholder groups – shareholders, employees, customers, regulators, government and the community (including non-profit and environmental groups). He is regarded as a thought and industry leader both internally and externally, and engages regularly with employees and the community at large, via multiple communication and media channels, parliamentary hearings, and through proactive relationship management.

The CEO has played a key role in leading the Suncorp acquisition initiative, and has been a strong advocate of the benefits and opportunities for ANZ, our customers in Queensland, and the broader community. While the ACCC rejected ANZ's application, the CEO has ensured ANZ is well prepared for the integration of Suncorp Bank into ANZ in the event its application for Australian Competition tribunal review is successful.

The strong performance in 2023 reflects the effective support provided by the CEO to ExCo, along with key moves and appointments made to his team over the last 1 to 2 years. Executive succession and development continue to be a focus for the CEO and the Board, with the CEO making solid progress in enabling potential internal CEO successors in the future.

Overall there were many positive achievements in 2023 (positioning ANZ well to deliver against our strategic priorities), and in the Board's view the CEO deserves an overall assessment outcome of well above target.

1. BS11 outlines the Reserve Bank of New Zealand's outsourcing policy. **2.** ANZ New Zealand has embarked on a multi-year program of work to fundamentally transform its business. Called "Ngā Tapuwae o ANZ" ("The footsteps of ANZ"), this program will change our core technology, processes and ways of working.

Management commentary
(no financial statements)

5.2.2 DISCLOSED EXECUTIVES

- STVR outcomes continue to differ both year-on-year and between executives demonstrating the at risk nature of this element of remuneration and the variability in Group and individual performance year-on-year. In 2023, STVR is at or above target for all Disclosed Executives (reflecting that they have all jointly delivered material value from strategic and operational decisions in 2023); however only 2 of 38 Disclosed Executives in recent reporting periods (2018 to 2022) received at or above target variable remuneration. See section 5.4 for 2023 variable remuneration awarded details.
- The average STVR outcome for current Disclosed Executives is 89% of maximum opportunity. This reflects both the overall assessment of ANZ Group performance as above target (see section 4.1), which is weighted 25% or 50%, and also individual performance (see section 6.2) which is weighted 75% or 50% depending on role. Outcomes range from 80% to 100% of maximum opportunity. The remuneration outcomes in 2023 reflect that this is a high performing team, with all business and enablement functions each contributing significantly to a strong performance outcome for ANZ.
- 2023 STVR awarded outcomes for both C Morgan and A Strong are based on their time as a Disclosed Executive during 2023 (i.e., ~7 months and ~11 months respectively).
- R Howell's 2023 STVR awarded outcome reflects the period acting as the GE T&C (i.e., ~4 months).

Awarded STVR in the relevant financial year – Disclosed Executives

			Actual STVR			STVR as % of	
	Financial year	STVR maximum opportunity $	Total STVR $	STVR cash $	STVR deferred shares $	Target opportunity	Maximum opportunity
CURRENT DISCLOSED EXECUTIVES							
M Carnegie	2023	1,250,000	1,100,000	550,000	550,000	110%	88%
	2022	1,250,000	920,000	460,000	460,000	92%	74%
K Corbally	2023	1,250,000	1,065,000	532,500	532,500	107%	85%
	2022	1,250,000	885,000	442,500	442,500	89%	71%
F Faruqui[1]	2023	1,250,000	1,200,000	600,000	600,000	120%	96%
	2022	1,212,500	1,159,150	579,575	579,575	120%	96%
G Florian	2023	1,250,000	995,000	497,500	497,500	100%	80%
	2022	1,150,000	885,000	442,500	442,500	96%	77%
R Howell[1]	2023	348,068	300,000	180,000	120,000	108%	86%
C Morgan[1]	2023	627,000	500,000	250,000	250,000	100%	80%
A Strong[1]	2023	690,000	630,200	315,100	315,100	114%	91%
A Watson[2]	2023	1,106,505	945,140	472,570	472,570	107%	85%
	2022	1,108,830	845,483	422,742	422,742	95%	76%
M Whelan	2023	1,460,000	1,460,000	730,000	730,000	125%	100%
	2022	1,460,000	1,070,000	535,000	535,000	92%	73%
FORMER DISCLOSED EXECUTIVES							
K van der Merwe[3]	2023	780,000	n/a	n/a	n/a	n/a	n/a
	2022	1,040,000	800,000	400,000	400,000	96%	77%

1. STVR based on time as a Disclosed Executive in either 2022 (F Faruqui) or 2023 (R Howell, C Morgan, A Strong). R Howell STVR subject to 40% deferral (see section 7.1 for remuneration arrangements due to acting nature of appointment). **2.** Paid in NZD and converted to AUD. Year to date average exchange rate used to convert NZD to AUD as at 30 September for the relevant year. **3.** Ineligible for STVR.

Management commentary
(no financial statements)

5.3 Awarded LTVR and pre grant assessment outcome

The first award of LTVR under the new remuneration structure was made at the start of the 2023 financial year to Disclosed Executives (Nov 2022) and the CEO (Dec 2022 post AGM), and it was awarded at full opportunity.

LTVR was not awarded in 2022, due to the transition from awarding LTVR at the beginning of the year rather than at the end.

The RR component of LTVR was subject to a pre grant assessment by the Board which determined that the award should be made at full value (i.e., no reduction); and will be subject to a pre vest assessment by the Board of non-financial measures at the end of the four-year performance period to determine whether the RR should vest in full.

Restricted Rights Pre Grant Assessment (see section 7.2.4)

STEP	ACTION	OUTCOME
Step 1	Assess Prudential Soundness	Met
Step 2	Assess Risk Measures	Met
Step 3	Apply Board discretion	No adjustment
Pre grant assessment outcome		100%

The PR component of LTVR is subject to TSR hurdles (see section 7.2.5), which will determine the level of vesting and subsequent value of PR at the end of the performance period.

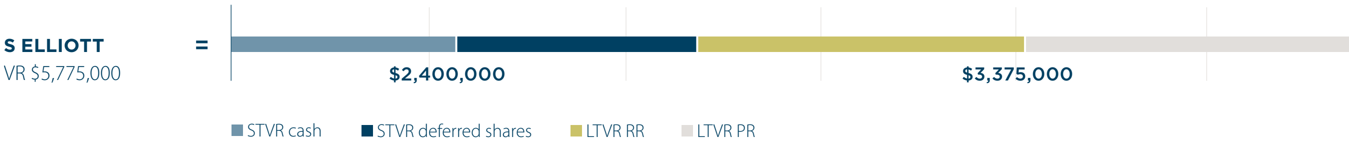
CEO LTVR: Shareholders approved at the 2022 AGM a 2023 LTVR award of $3.375m (135% of FR), delivered in the form of 50% RR and 50% PR. Similarly, shareholder approval will be sought at the 2023 AGM for a 2024 LTVR award of $3.375m.

Disclosed Executives LTVR: 2023 LTVR awarded at full opportunity (135% of new FR related to the structural change, and 100% for the CRO). Note that for C Morgan, a pro-rated 2023 LTVR was granted in September 2023 (rather than November 2022) due to commencement with ANZ partway through 2023, and R Howell was not eligible in his acting capacity. See section 7.2.3 for delivery details.

5.4 2023 Awarded VR

The below charts show the STVR and LTVR awarded to the CEO and Disclosed Executives for the year ending 30 September 2023.

CEO 2023 VR



Disclosed Executives 2023 VR

Management commentary
(no financial statements)

5.5 2023 Remuneration comparison with prior years

CEO - Summary of 2022 and 2023 total remuneration

AWARDED

Awarded remuneration reflects actual cash and the deferred shares component of STVR awarded in the year. As non-cash components are subject to future vesting outcomes, the awarded value may be higher or lower than the future realised value.

Awarded remuneration appears significantly higher in 2023, largely because no LTVR was awarded for 2022 (as we transitioned to the new remuneration structure and moved to awarding LTVR at the start (rather than end) of the financial year). Note, STVR is awarded at the end of the year.

RECEIVED

Received remuneration reflects the actual remuneration received in the year (i.e., cash paid and the value of previously awarded STVR deferred shares and LTVR performance rights which vested in the year).

The amount received is lower in 2023 (compared to 2022), primarily due to there being no LTVR due to vest in 2023 due to changing from a three to four-year performance period in Nov/Dec 2019.

STATUTORY

Statutory remuneration reflects remuneration in accordance with Australian Accounting Standards which includes FR and the amortised accounting value of variable remuneration, not the actual awarded or received value in respect of the relevant financial year (i.e., includes the value of STVR and LTVR expensed in the year). This is different to remuneration received in 2023 (which includes prior year awards which vested).

	Awarded: Fixed remuneration $	Awarded: STVR $	Awarded: LTVR $	Awarded: Total remuneration $	Received: Total remuneration $	Statutory: Total remuneration $
2023	**2,500,000**	**2,400,000**	**3,375,000**	**8,275,000**	**4,579,413**	**6,186,508**
2022	2,500,000	1,860,000	n/a	4,360,000	6,000,069	5,489,133

Historical STVR and LTVR

This table shows the STVR as a % of maximum opportunity and LTVR vesting outcomes for the CEO over the last five years. STVR outcomes are reasonably aligned with financial performance trends over the corresponding 2019 to 2023 periods, with 2023 STVR higher than prior years, consistent with 2023 financial performance (see section 4.2.1).

Historical STVR and LTVR – CEO[1]

	2019	2020	2021	2022	2023
STVR[2] outcome (% of maximum opportunity)	48%	33%[3]	53%	74%	**96%**
LTVR vesting outcome (% vested)	21.8%	0%	43.3%	51.6%	**n/a**

1. Prior to 2022, the maximum STVR opportunity for the CEO was 150% of target, however under the new structure (effective from 2022) this was reduced to 125% of target, therefore the 2022 and 2023 STVR % of maximum opportunity of 74% and 96% respectively is not comparable with prior years. If the maximum opportunity had remained at 150% of target, then the 2022 and 2023 STVR outcomes for the CEO (on a like for like basis) would have equated to 62% and 80% of maximum opportunity respectively. **2.** Previously referred to as AVR pre-2022. **3.** Post 50% COVID-19 reduction.

Historical VR[1]

This table shows the VR as a % of maximum opportunity for the executives who were disclosed over the last five years.

Historical VR – Disclosed Executive

	2019	2020	2021	2022	2023
STVR[2] outcome (average % of maximum opportunity[3])	45%	36%[4]	60%	78%	**89%**
STVR[2] outcome (range % of maximum opportunity[3])	0% - 74%	31% - 44%	46% - 66%	71% - 96%	**80% - 100%**
VR PR vesting outcome (% vested)	21.8%	0%	43.3%	51.6%	**n/a**

1. Prior to 2022 the maximum VR opportunity for Disclosed Executives was 150% of combined VR target, however under the new structure (effective from 2022), this was reduced to 125% of STVR target component only, therefore the 2022 and 2023 STVR % of maximum opportunity shown above of 78% and 89% respectively are not comparable with prior years. If the maximum opportunity had remained at 150% of target, then the average 2022 and 2023 STVR outcomes for Disclosed Executives (on a like for like basis) would have equated to 65% and 74% of maximum opportunity respectively. **2.** Previously referred to as VR pre-2022. **3.** Pre 2022, % of maximum opportunity applied to the full VR due to the combined VR structure for Disclosed Executives in those years. **4.** Post 50% COVID-19 reduction.

6 STRUCTURE AND DELIVERY: PERFORMANCE

6.1 CEO performance

With regard to STVR, the CEO is assessed 50% on the ANZ Group Performance Framework and 50% on achievement of individual strategic objectives aligned to ANZ's strategy. Both the ANZ Group Performance Framework and individual strategic objectives are agreed by the Board at the start of the financial year and are stretching.

WEIGHTING OF FINANCIAL METRICS

STVR

The CEO's STVR is not formulaic – outcomes are moderated by the Risk element of the ANZ Group Performance Framework and the Board's judgement on the appropriate STVR considering all aspects of performance.

LTVR

TSR (both relative and absolute) continue to determine the outcome of LTVR PR (50% LTVR weighting). However, LTVR also includes a 50% weighted RR award that is primarily focused on risk-based measures (as part of the pre grant and pre vest assessments – see section 7.2.4). This ensures LTVR has a material weight to non-financial measures as required under the APRA Prudential Standard *CPS 511 Remuneration*.

At the end of the financial year, ANZ's performance is assessed against the ANZ Group Performance Framework, and the CEO's performance is also assessed against this, along with his individual strategic objectives, the ANZ values (behaviours), delivery of the BEAR obligations and ANZ's risk and compliance standards. In conducting the CEO's performance assessment, the HR Committee seeks input from the Chairman, CRO (on risk management), CFO (on financial performance), GE T&C (on talent and culture matters) and Group General Manager Internal Audit (GGM IA) (on internal audit matters). Material risk, audit and conduct events that have either occurred or come to light in the year are also considered, together with input from both the Audit Committee and the Risk Committee of the Board.

6.2 Disclosed Executive performance

At the start of each year, stretching performance objectives are set in the form of Divisional Performance Frameworks for each of our Disclosed Executives, in alignment with the ANZ Group Performance Framework approved by the Board.

At the end of the financial year, the performance of each Disclosed Executive[1] is assessed against the ANZ Group Performance Framework (25% to 50% weighting), their Divisional Performance Framework, ANZ's values (behaviours), delivery of BEAR obligations and ANZ's risk and compliance standards.

The ANZ Group Performance Framework weighting for Disclosed Executives reinforces the importance of collective accountability and contribution to Group outcomes. The respective 2023 weighting varies based on role focus:

- 50% Group performance weighting: CFO, GE Strategy & Transformation, GE T&C, and GE Technology & Group Services
- 25% Group performance weighting: CRO, GE Australia Retail, GE Australia Commercial, GE & CEO New Zealand, and GE Institutional

Similar to the ANZ Group Performance Framework, the Divisional Performance Frameworks include the key elements of Financial Discipline and Operational Resilience, Customer, and People and Culture, with Risk acting as a modifier.[2] The weighting of each element varies to reflect the responsibilities of each individual's role. The Financial Discipline and Operational Resilience element weightings range from 20% to 40%.

The HR Committee seeks input from the CEO, and independent reports from Risk, Finance, Talent and Culture, and Internal Audit, and also reviews material risk, audit and conduct events, and seeks input from both the Audit Committee and the Risk Committee of the Board.

The HR Committee reviews and recommends to the Board for approval the overall performance outcomes for each Disclosed Executive.

STVR and LTVR

At the end of the financial year, the CEO and HR Committee determine STVR recommendations for each Disclosed Executive, which are ultimately approved by the Board.[3] STVR varies year-on-year in line with performance – it is not guaranteed and may be adjusted up or down ranging from zero to a maximum opportunity.

As highlighted in section 4, performance against objectives impacts STVR outcomes (e.g., where expectations are met, STVR is likely to be awarded around target which equates to 80% of maximum opportunity). The degree of variance in individual STVR outcomes reflect the weighting of the Group component (i.e., roles with 50% Group weighting will generally have less differentiation), and relative performance of the different areas/individuals, ensuring appropriate alignment between performance and reward. The outcomes demonstrate the at risk nature of STVR, and that outcomes vary across the Disclosed Executives and also from year to year. The average 2023 STVR for Disclosed Executives is 89% of maximum opportunity (ranging from 80% to 100%).

LTVR under the new remuneration structure was awarded for the first time in 2023, with a pre grant assessment (focused on risk measures) resulting in a full RR award. A pre vest assessment will determine the number of RR that ultimately vest, and performance against TSR hurdles will determine the level of vesting of PR. LTVR (RR and PR) is designed to strengthen the alignment of executive interests with shareholders, and PR provide a strong link between the reward for executive performance and TSR returns over the next four-year period.

1. Performance arrangements for the CRO are addressed additionally by the Risk Committee. Performance arrangements for the Group Executive and CEO, New Zealand are determined and approved by the ANZ NZ HR Committee/ANZ NZ Board in consultation with and endorsed by the HR Committee/Board, consistent with their respective regulatory obligations. **2.** Except for the CRO who has a percentage weighting assigned to risk measures. **3.** Remuneration arrangements for the Group Executive and CEO, New Zealand are determined and approved by the ANZ NZ Board in consultation with and endorsed by the Board, consistent with their respective regulatory obligations.

Management commentary
(no financial statements)

7 STRUCTURE AND DELIVERY: REMUNERATION

There are two core components of remuneration at ANZ – FR and at risk variable remuneration.

In structuring remuneration, the Board aims to find the right balance between fixed and variable remuneration (at risk), the way it is delivered (cash versus deferred remuneration) and appropriate deferral time frames (the short, medium and long-term).

The Board sets (and reviews annually) the CEO and Disclosed Executives' FR based on financial services market relativities and reflecting their responsibilities, performance, qualifications and experience.

The CEO and Disclosed Executives' variable remuneration is comprised of STVR and LTVR consistent with external market practice.

Variable remuneration is designed to focus our CEO and Disclosed Executives on stretching performance objectives supporting our business strategy, risk management and the delivery of long-term stakeholder value.

In considering variable remuneration outcomes the HR Committee and Board reflect on the **application of ANZ's Reward Principles:**

- **Reward our people for doing the right thing having regard to our customers and shareholders:** Variable remuneration should be primarily based on 'outcomes' rather than 'effort' and proportionate relative to performance. It also needs to consider the experience and expectations of a range of stakeholders (including shareholders, customers, employees, community and regulators).
- **Attract, motivate and keep great people:** In determining remuneration outcomes, the Board acknowledges the importance of balancing performance with being market competitive to ensure retention of key talent – particularly in a competitive talent landscape.
- **Focus on how things are achieved as much as what is achieved:** The Board ensures that appropriate consideration and weight is given to performance against objectives (which includes a risk modifier), a risk assessment (capturing financial and non-financial risks), and how that performance was achieved (i.e., in accordance with our values and purpose).
- **Fair and simple to understand:** Variable remuneration should be fair and consistent through the cycle and have regard to external influences outside of management's control.

Variable remuneration outcomes are based on a range of measures (as illustrated overleaf), with material weight provided to non-financial measures in accordance with Prudential Standard *CPS 511 Remuneration*. Our variable remuneration approach has a strong focus on driving long-term sustainable outcomes for shareholders. For example, STVR outcomes include a number of objectives that are considered key drivers of shareholder value, and the significant weighting to the LTVR component (around 60% of VR) as well as 50% of STVR delivered as ANZ shares, aligns a large proportion of executive remuneration to the shareholder experience (in respect of the share price and dividend).

Management commentary
(no financial statements)

STVR
Mix of financial and non-financial measures

Key Individual Assessment Inputs

- ANZ values – *Behaviours*
- Risk/compliance – *Including material events*
- BEAR obligations
- ANZ Group Performance Framework – *25%-50% weighting*
- Individual strategic objectives/Divisional Performance Framework – *50%-75% weighting*
- Control function input – *Risk, Finance, T&C, Audit*

FY23 ANZ Group Performance Framework
Objectives below are examples of key drivers of shareholder value

RISK (MODIFIER)
Maintain risk discipline focused on good customer and regulatory outcomes
- Deliver major regulatory commitments
- Strengthen risk culture

×

FINANCIAL DISCIPLINE & OPERATIONAL RESILIENCE (35%)
Run core businesses well, delivering sustainable growth and operational improvements
- Deliver economic profit to plan or better in a high-quality manner
- Contain total cost growth
- Deliver/progress key change programs

+

CUSTOMER (35%)
Deliver great customer outcomes, focused on improving the financial wellbeing, sustainability and experience of priority segments
- Accelerate ANZ Plus customer acquisition and engagement
- Materially improve Commercial customer & banker experience
- Meaningfully progress environmental sustainability strategies
- Transition to uniform business services

+

PEOPLE & CULTURE (30%)
Build a culture where our diverse teams are engaged and optimised for success
- Maintain high employee engagement
- Continue to improve project capability
- Attract, retain and develop people with critical skills to reinvent banking

Additional financial and non-financial overlays considered by the Board in determining Group and individual performance and the size of the ANZIP pool include:
- Broader financial performance (beyond scorecard measures)
- The quality of earnings and operating environment
- The shareholder experience (e.g., share price growth and dividends)

LTVR RR
Mostly non-financial

LTVR PR
Financial

ALIGNED TO SHAREHOLDER EXPERIENCE

Prudential Soundness
- Capital ratio and liquidity prudential minimums

Risk Measures
- **Material risk outcomes** Considers all risk types including capital adequacy risk, compliance risk, credit risk, liquidity and funding risk, market risk, operational risk, strategic risk, technology risk and conduct risk
- **APRA active supervision**
- **Risk culture**

TSR
- **75% relative TSR** Rewards for performance relative to that of SFS comparator group
- **25% absolute TSR** Ensures there is a continued focus on providing positive growth – even when market is declining

Measures absolute CAGR

STVR and LTVR provide material weight to non-financial measures as per *CPS 511*

By deferring a significant portion of variable remuneration (around 80% of maximum opportunity for the CEO and Disclosed Executives and 75% for the CRO), we seek to ensure alignment with shareholder interests, to deliver on ANZ's strategic objectives, and to ensure a focus on long-term value creation. Deferred variable remuneration has significant retention elements, and most importantly, can be adjusted downwards, including to zero, allowing the Board to hold executives accountable, individually or collectively, for the longer-term impacts of their decisions and actions.

Board discretion is applied when determining all CEO and Disclosed Executive variable remuneration outcomes including:

- STVR and LTVR outcomes for each financial year;
- LTVR vesting outcomes (pre vest assessment);
- Consideration of malus or further deferral before any scheduled release of previously deferred remuneration;
- Consideration of clawback for up to two years post payment or vesting of variable remuneration. See section 7.3.

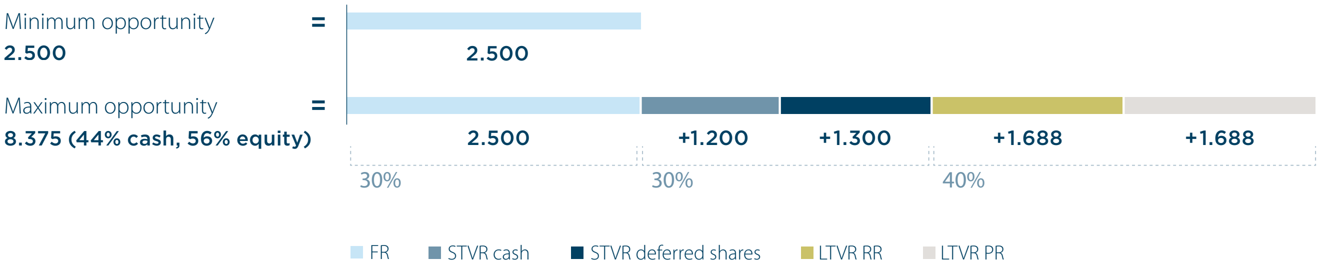
Management commentary
(no financial statements)

7.1 Remuneration mix

The CEO and Disclosed Executives[1] have an aligned remuneration mix (30% FR, 30% STVR and 40% LTVR at maximum opportunity), and structure (with the exception of longer deferral for the CEO in line with APRA's deferral requirements).

CEO

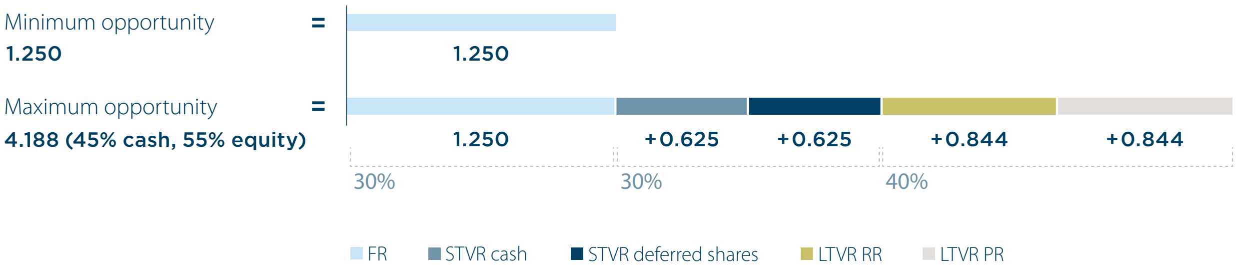
Remuneration mix – CEO ($m)



Disclosed Executives

The dollar amounts in the below example are for illustrative purposes only, and are based on the FR value of $1.25m.

Remuneration mix – Disclosed Executives[1] ($m)



1. Excluding CRO and Acting GE T&C.

CRO

To preserve the independence of the role and to minimise any conflicts of interest in carrying out the risk control function across the organisation, the CRO's remuneration arrangements differ to other Disclosed Executives.

While the STVR opportunity (100% of FR) is the same as the CEO and Disclosed Executives, the LTVR opportunity is different (100% of FR instead of 135% of FR) reflecting the delivery of LTVR as 100% RR (instead of 50% RR and 50% PR). Maximum variable remuneration opportunity is 200% of FR for the CRO. The remuneration mix is 33.3% FR/33.3% STVR/33.3% LTVR.

Acting GE T&C

Due to the acting nature of R Howell's appointment his remuneration arrangements differ to other Disclosed Executives. For the time spent in this acting role, his FR was set at $700k per annum from 1 June 2023 and increased to $703k from 1 July 2023 (due to the impact of the Superannuation Guarantee rate change). His VR maximum opportunity was set at 150% of FR (his remuneration mix is therefore 40% FR/60% VR). His VR will be delivered as 60% cash and 40% as shares deferred over years 4 to 5 to ensure compliance with CPS 511 deferral requirements.

7.2 Variable remuneration delivery

Variable remuneration for the CEO and the Disclosed Executives (excluding the CRO and Acting GE T&C) is delivered as follows:

- STVR as 50% cash and 50% shares deferred equally over years 2 and 3; and
- LTVR as RR and PR deferred over:
  - year 4 (33%), year 5 (33%) and year 6 (34%) for the CEO; and
  - year 4 (50%) and year 5 (50%) for Disclosed Executives.

Both RR and PR are tested against the relevant performance condition at the end of the four-year performance period and are then subject to additional holding period(s) until the completion of the respective deferral periods.

At target performance, 63% of variable remuneration for the CEO and Disclosed Executives, and 56% of variable remuneration for the CRO is deferred for at least four years (from the date the Board approved the variable remuneration in October (and the date shareholders approve the CEO's LTVR)), noting that this complies with the BEAR minimum deferral requirement of 60% for the CEO and 40% for Disclosed Executives. If the CEO receives above target STVR (as is the case in 2023), the amount above target will be delivered as 40% cash and 60% deferred shares (20% year 4, 20% year 5, 20% year 6) to ensure compliance with the minimum deferral requirements with respect to BEAR and APRA's Prudential Standard *CPS 511 Remuneration*.

Before any scheduled release of deferred remuneration, the Board considers whether malus should be applied to previously deferred remuneration (or further deferral of vesting), or clawback to variable remuneration previously granted, for the CEO and Disclosed Executives. See section 7.3.

Management commentary
(no financial statements)

7.2.1 STVR CASH – CEO AND DISCLOSED EXECUTIVES

The cash component of STVR is paid to executives at the end of the annual Performance and Remuneration Review (December 2023), and is subject to clawback for two years post payment.

7.2.2 STVR DEFERRED SHARES – CEO AND DISCLOSED EXECUTIVES

By deferring 50% of an executives' STVR as deferred shares over years two and three (and it remaining subject to malus and clawback), we enable a substantial amount of their STVR to be directly linked to delivering shareholder value. We grant deferred shares in respect of performance for the financial year ending 30 September in late November each year.

For deferred variable remuneration for the CEO and Disclosed Executives, we calculate the number of deferred shares to be granted based on the VWAP of the shares traded on the ASX in the five trading days leading up to and including 1 October (i.e., in line with the beginning of the financial year). Allocations prior to the 2022 financial year were based on the VWAP in the five trading days leading up to and including the date of grant. The VWAP used for disclosure and expensing purposes is the one-day VWAP at the date of grant, which is in line with the Accounting Standard.

In some cases, we may grant deferred share rights to executives instead of deferred shares. Each deferred share right entitles the holder to one ordinary share.

7.2.3 LTVR – CEO AND DISCLOSED EXECUTIVES[1]

LTVR reinforces the focus on achieving longer term strategic objectives, driving outperformance relative to peers, and creating long-term sustained value for all stakeholders. The following table details design features common to both LTVR RR and PR.

This section details the LTVR approach that applied to the 2023 LTVR award granted in November/ December 2022, and to the GE Australia Commercial in September 2023.

LTVR ELEMENT	DETAIL
Description	RR and PR provide a right to acquire one ordinary ANZ share at nil cost – as long as applicable time and performance conditions are met. Their future value may range from zero to an indeterminate value. The value depends on performance against the applicable performance condition and on the share price at the time of exercise.
Performance period	Both RR and PR have a four-year performance period commencing from 1 October and ending four years later on 30 September (e.g., 1 October 2022 to 30 September 2026 for the 2023 grant), noting that LTVR is awarded at the start of the financial year (rather than the end). A four-year performance period provides sufficient time for longer term performance to be reflected.
Deferral periods	The deferral period is the sum of the four-year performance period and the applicable holding period. The holding period commences the day after the end of the four-year performance period (e.g., 1 October 2026 in the case of the 2023 LTVR award), and finishes on the 4th, 5th or 6th anniversary of grants.
Exercise period	Rights can only be exercised at the end of the relevant deferral period (4, 5 or 6 years) when the rights vest and become exercisable. There is a two-year exercise period which commences at the end of the relevant deferral period for RR and PR.
Expensing	ANZ engages PricewaterhouseCoopers to independently determine the fair value of RR and PR, which is only used for expensing for accounting purposes. They consider factors including: the market performance conditions, share price volatility, life of the instrument, dividend yield, and share price at grant date.
Dividends	A dividend equivalent payment (DEP) is paid in cash at the end of the relevant deferral period, but is only made to the extent that all or part of the underlying rights meet the relevant performance condition and vest to the individual. Dividend equivalent payments accrue over the full deferral period for RR, and only during the holding period for PR.
Allocation basis	The value the Board uses to determine the number of RR and PR to be allocated to the CEO and Disclosed Executives is the face value of ANZGHL shares traded on the ASX in the five trading days leading up to and including 1 October (beginning of the financial year and LTVR performance period). LTVR is awarded around the start of the financial year in late November for Disclosed Executives and December for the CEO (subject to shareholder approval).

1. Excluding Acting GE T&C.

Management commentary
(no financial statements)

7.2.4 LTVR RESTRICTED RIGHTS – CEO AND DISCLOSED EXECUTIVES[1]

The award of RR ensures that LTVR provides material weight to non-financial measures (as required under APRA's Prudential Standard *CPS 511 Remuneration*), as well as supporting long-term alignment with shareholders.

Having a risk-based focus reflects the intent of the Prudential Standard *CPS 511 Remuneration* in ensuring remuneration arrangements appropriately incentivise individuals to prudently manage risks. The performance conditions are designed to ensure there is focus on both material risk events and building a strong risk culture over the longer term.

<table>
<tr><th>LTVR ELEMENT</th><th>PERFORMANCE CONDITION DETAIL</th></tr>
<tr><td>RR pre grant and pre vest assessments</td><td>Pre grant assessment purpose: Determines whether any reduction should be made to RR award value and is primarily based on outcomes in the prior financial year.

Pre vest assessment purpose: Determines whether the RR amount awarded should vest in full and is based on outcomes over the four-year performance period.

The pre grant and pre vest assessments also take into consideration any adjustments already applied for the same event/outcomes in either the current or prior years (i.e., adjustments to STVR and LTVR, malus and clawback), to ensure the overall impact is fair and proportionate to the severity of the outcome. Therefore, given other remuneration adjustments are likely to be considered first, and as the award of RR is future focused, it is anticipated that RR will be allocated at full value in most years – unless the outcome of the following three assessment steps determines otherwise.

<table>
<tr><th>STEP 1
Assess Prudential soundness</th><th>STEP 2
Assess risk measures</th><th>STEP 3
Apply Board discretion</th></tr>
<tr><td>• Nil award if ANZ does not meet capital ratio and liquidity prudential minimums.</td><td>• Consideration of any Material Risk Outcomes from executive actions or inactions which is expected to/or has resulted in significant impacts.
• Consideration of any significant adverse change in APRA's Active Supervision level.
• Consideration of Risk Culture (additional measure for pre vest) that examines whether or not ANZ has maintained (or made progress towards) a sound risk culture, considering both executive actions or inactions.</td><td>• Board to determine whether any reduction should be made to LTVR RR outcome based on consideration of a range of factors, including:
– the outcomes from steps 1 and 2;
– the impact, if any, of the issue/s on ANZ's reputation/standing in the market;
– whether the issue was specific to ANZ, the banking industry or the broader market;
– any impacts already applied (e.g., regarding downward adjustment mechanisms, pre grant assessment impact to LTVR RR);
– whether any impact should be made on an individual or collective basis.</td></tr>
</table>
The assessments are not intended to be formulaic given the circumstances requiring the application of Board discretion will typically be different or unique, however a Board decision making framework is in place to guide the Board in applying discretion.</td></tr>
<tr><td>Material risk outcomes process</td><td>The consideration of material risk outcomes is a key process that forms part of our broader Accountability and Consequence Framework (A&CF) (see section 8), and is a comprehensive bottom-up process designed to ensure that all relevant events are surfaced and considered appropriately. Key steps include:
• Risk, conduct and audit events are reported in ANZ's Compliance & Operational Risk System.
• Divisional Accountability Groups review serious risk, conduct and audit events, and provide recommendations regarding accountability and consequences, where appropriate.
• Enterprise Accountability Group (EAG) reviews recommendations of the Divisional Accountability Groups and make final determination (with some exceptions where local Board approval is required or for material risk takers and other non-administrative direct reports to the CEO, where Board approval is required).
• HR Committee reviews most serious risk, conduct and audit events (as part of independent report from CRO) and determines impacts at the Group, Division and individual level for the CEO and ExCo.</td></tr>
</table>

1. Excluding Acting GE T&C.

Management commentary
(no financial statements)

7.2.5 LTVR PERFORMANCE RIGHTS – CEO AND DISCLOSED EXECUTIVES EXCLUDING THE CRO[1]

LTVR ELEMENT	PERFORMANCE CONDITION DETAIL
Performance rights hurdles	The PR have TSR performance hurdles reflecting the importance of focusing on achieving longer term strategic objectives and aligning executives' and shareholders' interests. There are two TSR performance hurdles for the 2023 grants of PR: • 75% will be measured against a relative TSR hurdle. • 25% will be measured against an absolute TSR hurdle. TSR represents the change in value of a share plus the value of reinvested dividends paid. We regard it as the most appropriate long-term measure – it focuses on the delivery of shareholder value and is a well understood and tested mechanism to measure performance. The combination of relative and absolute TSR hurdles provides balance to the plan by: • Relative: rewarding executives for performance that exceeds that of comparator companies; and • Absolute: ensuring there is a continued focus on providing positive growth – even when the market is declining. The two hurdles measure separate aspects of performance: • the relative TSR hurdle measures our TSR compared to that of the Select Financial Services (SFS) comparator group, made up of core local and global competitors. This comparator group is chosen to broadly reflect the geographies and business segments in which ANZ competes for revenue; and • the absolute Compound Annual Growth Rate (CAGR) TSR hurdle provides executives with a more direct line of sight to the level of shareholder return to be achieved. It also provides a tighter correlation between the executives' rewards and the shareholders' financial outcomes. We will measure ANZ's TSR against each hurdle at the end of the four-year performance period to determine whether any PR becomes exercisable. We measure relative and absolute TSR hurdles independently from the other – for example one may vest fully or partially but the other may not vest.
Relative TSR hurdle for PR	The relative TSR hurdle is an external hurdle that measures our TSR against that of the SFS comparator group over four years. The SFS comparator group is made up of: Bank of Queensland Limited; Bendigo and Adelaide Bank Limited; Commonwealth Bank of Australia Limited; DBS Bank Limited; Macquarie Group Limited; National Australia Bank Limited; Standard Chartered PLC; Suncorp Group Limited; and Westpac Banking Corporation. For future LTVR awards of PR (i.e., from financial year 2024), the Board approved for DBS Bank Limited to be removed from the comparator group (noting that this change does not apply to awards currently on foot). This change reflects the need to better balance the weighting of international peers in our comparator group to more appropriately reflect the change in capital allocated to Asia compared to when international comparators were originally included in 2015 (as part of the super regional strategy at that time). When considering an appropriate cohort of peers for benchmarking TSR performance, the Board take into consideration organisations with a similar scope of activities, common geographical focus, broadly comparable risk compliance and regulatory profiles, and relative stability and transparency across market cycles.

If our TSR when compared to the TSR of the comparator group	then the percentage of PR that vest
is less than the 50th percentile	is nil
reaches at least the 50th percentile, but is less than the 75th percentile	is 50% plus 2% for every one percentile increase above the 50th percentile
reaches or exceeds the 75th percentile	is 100%

1. Excluding Acting GE T&C.

Management commentary
(no financial statements)

<table>
<tr><th>LTVR ELEMENT</th><th>PERFORMANCE CONDITION DETAIL</th></tr>
<tr><td>Absolute TSR hurdle for PR</td><td>
The absolute CAGR TSR hurdle is an internal hurdle as to whether ANZ achieves or exceeds a threshold level of growth the Board sets at the start of the performance period. The Board reviews and approves the absolute TSR targets each year for the PR award. When reviewing the targets, the Board references ANZ's assessed Cost of Capital (CoC). The CoC is determined using methodologies including the Capital Asset Pricing Model (CAPM). The CoC is regularly reviewed and updated to reflect current market conditions. Due to the prospective nature of the 2023 PR and given the increased volatility in the 10-year bond rate, the Board determined it was appropriate to use the 2H average CoC as the CAGR TSR target for the 2023 PR.
<table>
<tr><th>If the absolute CAGR of our TSR</th><th>then the percentage of 2023 PR that vest</th></tr>
<tr><td>is less than 9.125%</td><td>is nil</td></tr>
<tr><td>is 9.125%</td><td>is 50%</td></tr>
<tr><td>reaches at least 9.125%, but is less than 13.688%</td><td>is progressively increased on a pro-rata, straight-line, basis from 50% to 100%</td></tr>
<tr><td>reaches or exceeds 13.688%</td><td>is 100%</td></tr>
</table>
For future LTVR awards of PR (i.e., from financial year 2024), the CAGR TSR hurdle will be based on the time weighted CoC over the four-year performance period of the PR. Therefore, the CAGR TSR target will be adjusted on a time weighted basis unless the Board applies discretion not to adjust. The CoC will be reviewed by the Board on a quarterly basis based on the output from the CAPM methodology (which takes into consideration the risk-free bond rate, the market risk premium and the beta – i.e., the volatility of ANZ's historical share price relative to the market). Any CoC changes approved by the Board throughout the performance period are prospective only (i.e., reflect current market factors) and will form part of the dynamic absolute TSR target calculation. Moving to a dynamic target that reflects the changes in CoC over the performance period (rather than a static target at the beginning of the performance period), is more responsive to changes in both interest rates and risks, and is considered more appropriate and fairer from both an investor and executive perspective, and supports better shareholder alignment.
</td></tr>
<tr><td>Calculating TSR performance</td><td>
When calculating performance against TSR, we:

reduce the impact of share price volatility – by using an averaging calculation over a 90-trading day period for start and end values;
ensure an independent measurement – by engaging the services of an external organisation, to calculate ANZ's performance against both the absolute and relative TSR hurdles; and
test the performance against the relevant hurdle once only at the end of the four-year performance period – the rights lapse if the performance hurdle is not met – there is no retesting.

</td></tr>
</table>

7.3 Downward adjustment – Board discretion

The Board can exercise its discretion to apply a number of downward adjustment options as part of consequence management (in accordance with applicable law and any terms and conditions provided). The Board may choose to exercise the following options or a combination of these at any time, but will always consider their use if any of the circumstances specified by Prudential Standard *CPS 511 Remuneration* occur. The downward adjustment options specified in #1 to #3 below are applicable to all employees, while clawback (#4) in 2023 is currently limited to select employees (primarily the CEO, Disclosed Executives and some senior employees in jurisdictions where clawback regulations apply):

1. In year adjustment, the most common type of downward adjustment, which reduces the amount of variable remuneration an employee may have otherwise been awarded for that year.

2. Further deferral/freezing delays the decision to pay/allocate variable remuneration, or further defers the vesting of deferred remuneration or freezes vested/unexercised shares and rights. This would typically only be considered where an investigation is pending/underway.

3. Malus is an adjustment to reduce the value of all or part of deferred remuneration before it has vested. Malus is used in cases of more serious performance or behaviour issues. Any and all variable remuneration we award or grant to an employee is subject to ANZ's on-going and absolute discretion to apply malus and adjust variable remuneration downward (including to zero) at any time before the relevant variable remuneration vests.

4. Clawback is the recovery of variable remuneration that has already vested or been paid (up to two years from vesting/payment or a longer period as determined by Board discretion, policy or applicable law). This would typically only be considered if the other types of downward adjustment/other consequences are considered inadequate given the severity of the situation.

Before any scheduled vesting of deferred remuneration, the Board (for the CEO, Disclosed Executives and other specified roles) and/or the Enterprise Accountability Group (EAG) (for other employees) considers whether any further deferral, malus, or clawback should be applied. See section 8 for details.

Management commentary
(no financial statements)

8 ACCOUNTABILITY AND CONSEQUENCE FRAMEWORK

The Enterprise Accountability Group (EAG) is the primary governance mechanism for the operation of the Accountability and Consequence Framework (A&CF).

8.1 Role of the EAG

The EAG is chaired by the CEO and members include the CRO, CFO and GE T&C. It operates under the delegated authority of the HR Committee and is responsible for:

- supporting the Board in monitoring the implementation and ongoing effectiveness of ANZ's A&CF;
- reviewing the most material risk, conduct and audit events for accountability and the application of consequences, where appropriate;
- providing guidance to the Divisions and considering initiatives across the Divisions to strengthen risk behaviours;
- acknowledging material positive risk events and recognising risk role models, whose achievements are profiled across the organisation; and
- approving the release or application of downward adjustment for deferred variable remuneration (noting that for the CEO and Disclosed Executives this is approved by the Board).

8.2 Material positive risk events

The EAG review material positive risk decisions and events – times when our proactive approach to identifying and mitigating risk have had a material positive outcome. Reviewing these examples provides an opportunity to acknowledge the importance of these events and share learnings across the enterprise.

8.3 Risk role models

In 2023, 81 individuals were recognised by the EAG for role modelling outstanding risk behaviours through their efforts to identify, manage and mitigate the organisation's risks and contribute to our strong risk culture. Recognition provided included a personalised e-mail from the CEO, local recognition events, and having their achievement profiled on our intranet and in internal newsletters.

8.4 Compliance with Prudential Standard *CPS 511 Remuneration*

ANZ's A&CF is an integral part of our enterprise approach to meeting the requirements of APRA Prudential Standard *CPS 511 Remuneration*.

We introduced clawback provisions for the CEO and our Disclosed Executives effective 2022, in addition to existing downward adjustment tools such as in year adjustment, further deferral and malus.

In 2023, we have continued to raise employee awareness with respect to accountability and consequences through explicit references to the A&CF (including remuneration consequences) in employee training and communications and performance and remuneration policy documents.

In addition, as part of our annual performance and remuneration process, we have provided our People Leaders with guidance regarding appropriate (and in some cases, mandatory) remuneration consequences for conduct and performance issues, including insights from the previous year's consequences applied. These activities are part of our continued focus on consistency in application of remuneration consequence across ANZ globally.

8.5 Consideration of consequences for material risk, audit and conduct events

The EAG has processes in place to ensure that we mitigate the risk of conflicts of interest in reviewing events and determining accountability and consequences. For example, when undertaking accountability reviews, a recommendation regarding the review leader and scope must be sent to the CRO (or in the case of an event involving Group Risk to the CEO), for review and approval to ensure the individual is capable of undertaking an impartial and unbiased review.

Considerations regarding accountability and consequences for our most senior executives are considered and determined by the HR Committee and Board.

Reports on the most material risk, audit and conduct issues were presented to the HR, Risk and Audit Committees at a concurrent meeting. This information was considered by the Board when considering the performance of the Group and the 2023 ANZIP variable remuneration pool for all employees and determining the performance and remuneration outcomes of the CEO and Disclosed Executives.

The HR Committee and Board consider accountability and consequences for the CEO and Disclosed Executives, including the application of malus and clawback (see section 7.3). No malus or clawback was applied to the remuneration of the CEO and Disclosed Executives during 2023.

When determining consequences, consideration is given to the level of accountability, and the severity of the issue, including customer impacts. Consequences may include, for example, one or more of the following: counselling, formal warnings, impacts to in year performance and remuneration outcomes or application of malus to previously deferred remuneration and ultimately termination of employment or clawback for the most serious issues.

Management commentary
(no financial statements)

8.6 Evolving the A&CF

Our ongoing focus on accountability, consequences and driving a strong risk culture supports our customer commitment that when things go wrong, we fix them quickly and hold executives, current (and former where we can), to account where appropriate. We are also focused on ensuring that we learn from the cause of the event, mitigate the risk of future recurrences and continuously seek to strengthen our risk culture. We review the effectiveness of the A&CF every year and implement enhancements to further strengthen the A&CF based on regulatory and internal stakeholder input.

8.7 Speak up culture

We continue to raise employee awareness of, and promote the various ways employees can speak up and raise issues and ideas for improvement including through initiatives such as:

- a global awareness campaign to mark World Whistleblower Day in June, which included a conversation guide designed to support People Leaders with team discussions on the importance of speaking up and promotion of whistleblowing;
- digital communications designed to build confidence and trust in the Whistleblower Program and process; and
- through monitoring responses in our employee engagement surveys.

Key risk and speak-up scores, including 'The People Leaders in the area I work demonstrate personal accountability for risk and sound risk behaviours' (91%), 'I can raise issues and concerns without fear of reprisals' (81%) and 'When I speak up, my ideas, opinions and concerns are heard' (84%) remained strong and consistent with 2022 and 2021 results.[1]

8.8 Application of consequences

In 2023, there were 1,330 employee relations cases involving alleged breaches of our Code, with 501 resulting in a formal consequence or the employee leaving ANZ, down from 518 in 2022. Breaches ranged from compliance/procedural breaches (23%), through to general unacceptable behaviour (31.7%), email/systems misuse (9.2%), attendance issues (20.8%), fraud/theft (5.4%), conflict of interest (5.6%) and breaches of our Equal Opportunity, Bullying and Harassment Policy (3.6%). Outcomes following investigations of breaches this year included 100 terminations, 314 warnings and 87 employees leaving ANZ.

In relation to the application of consequences to our senior leadership population (senior executives, executives and senior managers), 30 current and former employees (21 in 2022) had a consequence applied as a result of the application of our Code of Conduct Policy and/or findings of accountability for a relevant event. Consequences included warnings, impacts on performance and remuneration outcomes and dismissal.

All employees and contractors across the enterprise are required to complete mandatory learning modules. Permanent employees who fail to complete their mandatory learning requirements within 30 days of the due date are (in the absence of genuinely exceptional circumstances) ineligible for any FR increase or variable remuneration award as part of our annual Performance and Remuneration Review. In 2023, the mandatory learning course compliance rate across the enterprise was 99.6%.

1. Results reported are taken from the Q2 and/or Q4 employee engagement surveys, and Risk Culture Survey.

Management commentary
(no financial statements)

9 NON-EXECUTIVE DIRECTOR (NED) REMUNERATION

9.1 Remuneration structure

The HR Committee reviewed NED fees and determined not to increase fees for 2023.

For 2024, the HR Committee has reviewed and approved a 2% increase to the NED member fee (from $240,000 to $245,000) which has remained unchanged since 2016. The Board Chairman fee remains unchanged. Following review, the HR Committee also approved the alignment of the fee structure across all Committees increasing each Committee chair fee to $68,000, and each Committee member fee to $34,000. This fee review considered increased complexity in the regulatory environment, uplifts for ANZ's broader employee population, and the external market.

The fee structure is applicable to NEDs of ANZGHL and ANZBGL. Fees prior to the implementation of the Non-Operating Holding Company (NOHC) structure related to membership of the ANZBGL Board, and post implementation are viewed as a single fee covering both Boards (i.e., membership of ANZGHL and ANZBGL Boards/Committees). Currently the fee structure applies irrespective of whether NEDs serve on one or more Boards.

NEDs receive a fee for being a Director of the Board, and additional fees for either chairing, or being a member of a Board Committee. The Chairman of the Board does not receive additional fees for serving on a Board Committee.

In setting Board and Committee fees, the following are considered: general industry practice, ASX Corporate Governance Principles and Recommendations, the responsibilities and risks attached to the NED role, the time commitment expected of NEDs on Group and Company matters, and fees paid to NEDs of comparable companies.

ANZ compares NED fees to a comparator group of Australian listed companies with a similar market capitalisation, with particular focus on the major financial services institutions. This is considered an appropriate group, given similarity in size and complexity, nature of work and time commitment by NEDs.

To maintain NED independence and impartiality:

- NED fees are not linked to the performance of the Group; and
- NEDs are not eligible to participate in any of the Group's variable remuneration arrangements.

The current aggregate fee pool for NEDs of $4m was approved by shareholders at the 2012 AGM. The annual total of NEDs' fees, including superannuation contributions, is within this agreed limit.

This table shows the NED fee policy structure for 2023.

2023 NED fee policy structure	2023	
	Chair fee	Member fee
Board[1,2]	$850,000	$240,000
Audit Committee	$65,000	$32,500
Risk Committee	$65,000	$32,500
HR Committee	$65,000	$32,500
Digital Business & Technology Committee	$55,000	$27,500
Ethics, Environment, Social & Governance Committee	$55,000	$27,500

1. Including superannuation. **2.** The Chairman of the Board does not receive additional fees for serving on a Board Committee. The Chairman of the Board and NEDs do not receive a fee for serving on the Nomination and Board Operations Committee.

NED shareholding guidelines

We expect our NEDs to hold ANZ shares. NEDs are required:

- to accumulate shares – over a five-year period from their appointment to the value of:
  - 100% of the NED member fee for Directors;
  - 100% of the Chairman fee for the Chairman; and
- to maintain this shareholding while they are a Director of ANZ.

Based on the ANZ share price as at 30 September 2023, all NEDs meet or, if less than five years' tenure, are on track to meet the holding guideline.

Management commentary
(no financial statements)

9.2 2023 Statutory remuneration – NEDS

The following table outlines the statutory remuneration of NEDs[1] disclosed in accordance with Australian Accounting Standards.

1. In addition to the fee shown below, Sir John Key received NZD 422,050 in 2022 and 2023 for his role as Chairman of ANZ Bank New Zealand Limited.

2023 Statutory remuneration – NEDS

		Short-term NED benefits		Post-employment	
	Financial year	Fees[1] $	Non monetary benefits[2] $	Super contributions[1] $	Total remuneration[3] $
CURRENT NON-EXECUTIVE DIRECTORS					
P O'Sullivan	**2023**	**824,181**	**-**	**25,819**	**850,000**
	2022	813,501	6,128	23,999	843,628
I Atlas	**2023**	**339,181**	**-**	**25,819**	**365,000**
	2022	330,751	-	23,999	354,750
J Halton	**2023**	**329,181**	**-**	**25,819**	**355,000**
	2022	318,001	-	23,999	342,000
G Hodges[4]	**2023**	**176,745**	**-**	**17,102**	**193,847**
J Key	**2023**	**301,681**	**-**	**25,819**	**327,500**
	2022	290,251	-	23,999	314,250
H Kramer[4]	**2023**	**35,841**	**-**	**3,942**	**39,783**
J Macfarlane	**2023**	**336,443**	**-**	**25,819**	**362,262**
	2022	301,501	-	23,999	325,500
C O'Reilly[4]	**2023**	**344,181**	**-**	**25,819**	**370,000**
	2022	302,863	-	22,579	325,442
J Smith[4]	**2023**	**298,889**	**-**	**25,819**	**324,708**
	2022	36,003	-	3,780	39,783
FORMER NON-EXECUTIVE DIRECTORS					
G Liebelt[4]	**2023**	**72,439**	**2,104**	**-**	**74,543**
	2022	360,427	-	6,323	366,750
Total of all Non-Executive Directors	**2023**	**3,058,762**	**2,104**	**201,777**	**3,262,643**
	2022	2,753,298	6,128	152,677	2,912,103

1. Year-on-year differences in fees relate to changes to the NED fees and also to the superannuation Maximum Contribution Base. G Liebelt elected to receive all payments in fees and therefore did not receive superannuation contributions during 2022 and 2023 with exception to fees paid in Q422. **2.** Non monetary benefits generally consist of company-funded benefits (and the associated Fringe Benefits Tax) such as car parking and gifts provided upon retirement. **3.** Long-term benefits and share-based payments do not apply for the NEDs. **4.** Remuneration based on time as a NED (2022 for C O'Reilly and J Smith, 2023 for G Hodges, H Kramer and G Liebelt).

Management commentary
(no financial statements)

10 REMUNERATION GOVERNANCE

10.1 The Human Resources (HR) Committee

10.1.1 ROLE OF THE HR COMMITTEE

The HR Committee has been established by the ANZGHL Board, and has been delegated authority to act as the remuneration committee for ANZBGL. The HR Committee supports the Board on remuneration and other HR matters. It reviews the remuneration policies and practices of the Group, and monitors market practice and regulatory and compliance requirements in Australia and overseas.

During the year the HR Committee met on five occasions and reviewed and approved, or made recommendations to the Board on matters including:

- remuneration for the CEO and other key executives (broader than those disclosed in the Remuneration Report) in accordance with the ANZ Group Performance and Remuneration Policy and ANZBGL Performance and Remuneration Policy, and fees for the NEDs;
- matters related to the implementation of APRA's Prudential Standard *CPS 511 Remuneration*, and updates on the BEAR, and Treasury's Financial Accountability Regime (FAR);
- the ANZ Group Performance Framework (annual objectives setting and assessment) and annual variable remuneration spend;
- performance and reward outcomes for key senior executives, including the consideration of material events that have either occurred or came to light in the year;
- the release, further deferral or application of malus of deferred remuneration or clawback;
- key senior executive appointments and terminations;
- the review of the ANZ Group Performance and Remuneration Policy and ANZBGL Performance and Remuneration Policy, and the Accountability & Consequence Framework (A&CF);
- building capabilities required to deliver on our strategy;
- succession plans for key senior executives; and
- culture, diversity and inclusion, employee engagement, and how we work in a post COVID environment.

More details about the role of the HR Committee, including its Charter, can be found on our website. Go to anz.com > Our company > Strong governance framework > ANZ Human Resources Committee Charter.

10.1.2 LINK BETWEEN REMUNERATION AND RISK

The HR Committee has a strong focus on the relationship between business performance, risk management and remuneration, aligned with our business strategy. The chairs of the Risk and Audit Committees and the full Board (ANZGHL and ANZBGL) are in attendance for specific HR Committee meetings. A concurrent meeting of the HR, Risk and Audit Committees was held to review:

- material risk, conduct and audit events that either occurred or came to light in 2023;
- 2023 performance and variable remuneration recommendations at both the Group, CEO and Disclosed Executive level.

To further reflect the importance of the link between remuneration and risk:

- the Board had two NEDs (in addition to the Chairman) in 2023 who served on both the HR Committee and the Risk Committee;
- the HR Committee has free and unfettered access to risk and financial control personnel (the CRO and CFO attend HR Committee meetings for specific agenda items);
- the CRO (together with GE T&C and GGM IA) provides an independent report to the HR Committee on the most material risk, conduct and audit events (as relevant) to help inform considerations of performance and remuneration, and accountability and consequences at the Group, Divisional and individual level;
- the CRO also provides an independent report to assist the Board in their assessment of performance and remuneration outcomes for the CEO and Disclosed Executives;
- the chairs of the Risk and Audit Committees are asked to provide input to ensure appropriate consideration of all relevant risk and internal audit issues;
- the ANZ Group Performance Framework and Divisional Performance Frameworks include Risk as a key element acting as a modifier, and it forms an integral part of each framework's assessment and directly impacts the overall outcomes; and
- the LTVR RR pre grant and pre vest assessments undertaken by the Board are primarily based on non-financial risk outcomes.

10.1.3 CONFLICT OF INTEREST

To help mitigate potential conflicts of interest:

- management are not in attendance when their own performance or remuneration is being discussed by the HR Committee or Board;
- the CEO's STVR is funded and determined separately from the ANZIP variable remuneration pool;
- the CRO's remuneration arrangements differ to other Disclosed Executives to preserve the independence of the role;
- the EAG also has processes in place to help mitigate conflicts of interest as outlined in section 8; and
- the HR Committee seeks input from a number of sources to inform their consideration of performance and remuneration outcomes for the CEO and Disclosed Executives including:
  - independent reports from Risk, Finance, Talent and Culture, and Internal Audit;
  - material risk, conduct and audit event data provided by the CRO;
  - input from both the Audit Committee and the Risk Committee of the Board.

10.1.4 EXTERNAL ADVISORS PROVIDED INFORMATION BUT NOT RECOMMENDATIONS

The HR Committee can engage independent external advisors as needed.

Management commentary
(no financial statements)

Throughout the year, the HR Committee and management received information from the following external advisors: Aon, Ashurst, Deloitte, EY, Guerdon Associates, Herbert Smith Freehills, PayIQ Executive Pay and PricewaterhouseCoopers. This information related to market data, market practices, analysis and modelling, legislative requirements and the interpretation of governance and regulatory requirements.

During the year, ANZ did not receive any remuneration recommendations from external advisors about the remuneration of KMP.

ANZ employs in-house remuneration professionals who provide recommendations to the HR Committee and the Board. The Board made its decisions independently, using the information provided and with careful regard to ANZ's strategic objectives, purpose and values, risk appetite and the Performance and Remuneration Policies and Principles.

10.2 Internal governance

10.2.1 HEDGING PROHIBITION

All deferred equity must remain at risk until it has fully vested. Accordingly, executives and their associated persons must not enter into any schemes that specifically protect the unvested value of equity allocated. If they do so, then they would forfeit the relevant equity.

10.2.2 CEO AND DISCLOSED EXECUTIVES' SHAREHOLDING GUIDELINES

We expect the CEO and each Disclosed Executive to, over a five-year period:

- accumulate ANZ shares to the value of 200% of their FR; and
- maintain this shareholding level while they are an executive of ANZ.

Executives are permitted to sell ANZ securities to meet taxation obligations on employee equity even if below the 200% guideline. However, tax obligations for the purpose of these guidelines is limited to that arising from the initial taxing point event (i.e., when the deferred shares vest or rights are exercised).

Shareholdings include all vested and unvested equity (excluding PR). Based on equity holdings as at 30 September 2023, the CEO and all Disclosed Executives meet or, if less than five years' tenure, are on track to meet their minimum shareholding guidelines requirements.

10.2.3 CEO AND DISCLOSED EXECUTIVES' CONTRACT TERMS AND EQUITY TREATMENT

The details of the contract terms and the equity treatment on termination (in accordance with the Conditions of Grant) relating to the CEO and Disclosed Executives are below. Although they are similar, they vary in some cases to suit different circumstances.

Type of contract	Permanent ongoing employment contract.
Notice on resignation	• 12 months by CEO; • 6 months by Disclosed Executives.[1]
Notice on termination by ANZ[2]	• 12 months by ANZ for CEO and Disclosed Executives.[3] However, ANZ may immediately terminate an individual's employment at any time in the case of serious misconduct. In that case, the individual will be entitled only to payment of FR up to the date of their termination and their statutory entitlements.
How unvested equity is treated on leaving ANZ	Executives who resign or are terminated will forfeit all their unvested deferred equity – unless the Board determines otherwise. If an executive is terminated due to redundancy or they are classified as a 'good leaver', unless the Board determines otherwise, then: • their STVR (deferred shares/share rights) remain on foot and are released at the original vesting date; • their LTVR (RR/PR) (for grants awarded from 31 December 2020) remain on foot and are released at the original vesting date (to the extent that the performance hurdles are met); and • their PR[4] (for grants awarded pre 31 December 2020) are prorated for service to the full notice termination date and released at the original vesting date (to the extent that the performance hurdles are met). On an executive's death or total and permanent disablement, their deferred equity vests. Unvested equity remains subject to malus post termination.
Change of control (applies to the CEO only)	If a change of control or other similar event occurs, then we will test the performance conditions applying to the CEO's LTVR (RR/PR). They will vest to the extent that the performance conditions are satisfied.

1. 3 months by the former Acting GE T&C. **2.** For M Carnegie, K Corbally, F Faruqui, G Florian, R Howell, C Morgan, A Strong, M Whelan and K van der Merwe, their contracts state that in particular circumstances they may be eligible for a retrenchment benefit in accordance with the relevant ANZ policy, as varied from time to time. For A Watson, notice on retrenchment is 6 weeks and compensation on retrenchment is calculated on a scale up to a maximum of 79 weeks after 25 years' service. **3.** 6 months by ANZ for the Acting GE T&C. **4.** Or deferred share rights granted to the CRO instead of PR.

Management commentary
(no financial statements)

11 OTHER INFORMATION

11.1 2023 Statutory remuneration – CEO and Disclosed Executives

The following table outlines the statutory remuneration disclosed in accordance with Australian Accounting Standards. While it shows the FR awarded (cash and superannuation contributions) and also the cash component of the 2023 variable remuneration award, it does not show the actual variable remuneration awarded or received in 2023 (see sections 5.1 to 5.4), but instead shows the amortised accounting value for this financial year of deferred remuneration (including prior year awards).

2023 Statutory remuneration – CEO and Disclosed Executives

		Short–term employee benefits			Post–employment
	Financial year	Cash salary[1] $	Non monetary benefits[2] $	Total cash incentive[3] $	Other cash[4] $	Super contributions[5] $
CEO AND CURRENT DISCLOSED EXECUTIVES						
S Elliott	**2023**	**2,474,181**	**15,676**	**1,160,000**	**-**	**25,819**
	2022	2,476,001	15,384	930,000	-	23,999
M Carnegie	**2023**	**1,224,181**	**77,341**	**550,000**	**-**	**26,319**
	2022	1,176,001	31,041	460,000	-	24,499
K Corbally	**2023**	**1,224,181**	**10,176**	**532,500**	**-**	**25,819**
	2022	1,176,001	9,884	442,500	-	23,999
F Faruqui[9]	**2023**	**1,224,181**	**11,423**	**600,000**	**-**	**25,819**
	2022	1,159,194	174,222	579,575	-	4,806
G Florian[10]	**2023**	**1,216,181**	**23,179**	**497,500**	**-**	**25,819**
	2022	1,072,169	18,569	442,500	-	23,999
R Howell[9]	**2023**	**224,942**	**-**	**180,000**	**-**	**6,850**
C Morgan[4,9]	**2023**	**608,220**	**15,707**	**250,000**	**407,000**	**18,780**
A Strong[9]	**2023**	**670,504**	**-**	**315,100**	**-**	**19,496**
A Watson[8,11]	**2023**	**1,062,823**	**21,431**	**472,570**	**-**	**60,557**
	2022	1,019,021	22,049	422,742	-	70,686
M Whelan	**2023**	**1,434,181**	**10,176**	**730,000**	**-**	**25,819**
	2022	1,376,001	9,884	535,000	-	23,999
FORMER DISCLOSED EXECUTIVES						
K van der Merwe[12]	**2023**	**760,635**	**7,190**	**-**	**-**	**19,865**
	2022	976,001	16,034	400,000	-	24,499

1. Cash salary includes any adjustments required to reflect the use of ANZ's Lifestyle Leave Policy for the period in the KMP role. **2.** Non monetary benefits generally consist of company-funded benefits (and the associated Fringe Benefits Tax) such as car parking, taxation services and costs met by the Company in relation to relocation/accommodation. **3.** The total cash incentive relates to the cash component of STVR only. The relevant amortisation of the STVR deferred components is included in share-based payments and has been amortised over the vesting period. The total STVR was approved by the ANZBGL and ANZGHL Boards on 17 October 2023, and in addition for A Watson by the ANZ NZ Board on 17 October 2023. 100% of the cash component of the STVR awarded for the 2022 and 2023 years vested to the executive in the applicable financial year. **4.** Other cash and other equity allocations (C Morgan) relate to the employment arrangements of deferred variable remuneration forfeited and bonus opportunity forgone as a result of joining ANZ. **5.** For Australian based executives, the 2022 and 2023 superannuation contributions reflect the Superannuation Guarantee Contribution based on the Maximum Contribution Base. F Faruqui's 2022 amount reflects a part year superannuation contribution. A Watson participates in KiwiSaver where ANZ provides an employer superannuation contribution matching member contributions up to 4% of total gross pay. KiwiSaver employer superannuation contributions are also contributed on top of cash STVR at the time of payment. **6.** For Australian based executives, long service leave accrued takes into consideration the impact of changes to the Superannuation Guarantee percentage. Year-on-year fluctuations in long service leave accrued relate to the impact of historical fixed remuneration increases on the accrual as calculated at the end of each

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Long–term employee benefits	Share–based payments[7]						
	Total amortisation value of						
	Variable remuneration				Other equity allocations[4,8]		
Long service leave accrued during the year[6] $	Deferred shares $	Deferred share rights $	Restricted rights $	Performance rights $	Deferred shares $	Termination benefits $	Total remuneration $
35,112	**1,061,506**	**-**	**212,024**	**1,202,190**	**-**	**-**	**6,186,508**
33,306	933,786	-	-	1,076,657	-	-	5,489,133
22,858	**548,990**	**-**	**132,871**	**298,501**	**-**	**-**	**2,881,061**
17,151	522,450	-	-	129,603	-	-	2,360,745
27,518	**568,319**	**265,999**	**196,849**	**-**	**-**	**-**	**2,851,361**
34,577	513,883	238,579	-	-	-	-	2,439,423
19,332	**600,306**	**56,608**	**132,871**	**364,031**	**-**	**-**	**3,034,571**
17,524	465,805	178,143	-	302,636	-	-	2,881,905
30,978	**531,235**	**-**	**122,240**	**270,977**	**-**	**-**	**2,718,109**
15,812	512,134	-	-	171,181	-	-	2,256,364
9,321	**62,538**	**-**	**-**	**-**	**-**	**-**	**483,651**
5,367	**67,909**	**-**	**1,414**	**798**	**29,899**	**-**	**1,405,094**
18,550	**354,547**	**-**	**73,347**	**38,600**	**-**	**-**	**1,490,144**
6,612	**528,328**	**-**	**117,866**	**222,922**	**46**	**-**	**2,493,155**
4,068	505,698	2,132	-	119,057	312	-	2,165,765
36,172	**700,447**	**-**	**155,192**	**393,646**	**-**	**-**	**3,485,633**
17,779	666,495	-	-	181,892	-	-	2,811,050
-	**(418,392)**	**-**	**-**	**(591,168)**	**-**	**30,626**	**(191,244)**
14,409	472,124	-	-	177,072	-	-	2,080,139

financial year. **7.** As required by AASB 2 *Share-based payments,* the amortisation value includes a proportion of the fair value (taking into account market-related vesting conditions) of all equity that had not yet fully vested as at the commencement of the financial year. The fair value is determined at grant date and is allocated on a straight-line basis over the relevant vesting period. The amount included as remuneration neither relates to, nor indicates, the benefit (if any) that the executive may ultimately realise if the equity becomes exercisable. No terms of share-based payments have been altered or modified during the financial year. There were no cash settled share-based payments or any other form of share-based payment compensation during the financial year for the CEO or Disclosed Executives. **8.** Other equity allocations (A Watson) relate to shares received in relation to the historical Employee Share Offer which provided a grant of ANZ shares in each financial year to eligible employees subject to Board approval. **9.** Remuneration based on time as a Disclosed Executive in either 2022 (F Faruqui) or 2023 (R Howell, C Morgan, A Strong). **10.** Fixed remuneration reflects changes in fixed remuneration during the financial year due to expanded role (G Florian). **11.** Paid in NZD and converted to AUD. **12.** 2023 remuneration for K van der Merwe based on time as a Disclosed Executive up to date of cessation 30 June 2023 (noting her annual fixed remuneration for 2023 was $1.04m). Share-based payments include the expensing treatment on resignation for unvested deferred remuneration (including reversals for forfeiture on resignation). Termination benefits reflect payment for accrued annual leave in accordance with her contract, payable on resignation.

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11.2 Equity holdings

For the equity granted to the CEO and Disclosed Executives in November/December 2022, the CEO's deferred shares were purchased on the market and the deferred shares for Disclosed Executives were satisfied through the new issue of shares. For deferred share rights, which vested to Disclosed Executives in November 2022, where the rights were not able to be satisfied through the reallocation of previously forfeited shares they were satisfied through the new issue of shares.

11.2.1 CEO AND DISCLOSED EXECUTIVES' EQUITY GRANTED, VESTED, EXERCISED/SOLD AND LAPSED/FORFEITED

The table below sets out details of deferred shares and rights that we granted to the CEO and Disclosed Executives:

- during the 2023 year, relating to 2022 Performance and Remuneration Review outcomes; or
- in prior years and that then vested, were exercised/sold or which lapsed/were forfeited during the 2023 year.

Equity granted, vested, exercised/sold and lapsed/forfeited – CEO and Disclosed Executives

							Vested			Lapsed/ Forfeited			Exercised/Sold				
Name	Type of equity	Number granted[1]	Equity fair value (for 2023 grants only) $	Grant date	First date exercisable	Date of expiry	Number	%	Value[2] $	Number	%	Value[2] $	Number	%	Value[2] $	Vested and exercis-able as at 30 Sep 2023[3]	Unexer-cisable as at 30 Sep 2023[4]
CEO AND CURRENT DISCLOSED EXECUTIVES																	
S Elliott	Deferred shares	8,622		22-Nov-18	22-Nov-22	-	8,622	100	213,125	-	-	-	(8,622)	100	205,036	-	-
	Deferred shares	6,002		22-Nov-19	22-Nov-22	-	6,002	100	148,362	-	-	-	(6,002)	100	142,731	-	-
	Deferred shares	8,130		07-Dec-20	22-Nov-22	-	8,130	100	200,963	-	-	-	(8,130)	100	193,336	-	-
	Deferred shares	14,441		22-Nov-21	22-Nov-22	-	14,441	100	356,963	-	-	-	(14,441)	100	343,416	-	-
	Deferred shares	20,156	22.94	01-Oct-22	22-Nov-23	-	-	-	-	-	-	-	-	-	-	-	20,156
	Deferred shares	20,156	22.94	01-Oct-22	22-Nov-24	-	-	-	-	-	-	-	-	-	-	-	20,156
	Restricted rights	24,138	18.75	15-Dec-22	15-Dec-26	15-Dec-28	-	-	-	-	-	-	-	-	-	-	24,138
	Restricted rights	24,138	17.65	15-Dec-22	15-Dec-27	15-Dec-29	-	-	-	-	-	-	-	-	-	-	24,138
	Restricted rights	24,869	16.61	15-Dec-22	15-Dec-28	15-Dec-30	-	-	-	-	-	-	-	-	-	-	24,869
	Performance rights	18,103	11.26	15-Dec-22	15-Dec-26	15-Dec-28	-	-	-	-	-	-	-	-	-	-	18,103
	Performance rights	6,034	7.29	15-Dec-22	15-Dec-26	15-Dec-28	-	-	-	-	-	-	-	-	-	-	6,034
	Performance rights	18,103	10.26	15-Dec-22	15-Dec-27	15-Dec-29	-	-	-	-	-	-	-	-	-	-	18,103
	Performance rights	6,034	7.20	15-Dec-22	15-Dec-27	15-Dec-29	-	-	-	-	-	-	-	-	-	-	6,034
	Performance rights	18,652	9.34	15-Dec-22	15-Dec-28	15-Dec-30	-	-	-	-	-	-	-	-	-	-	18,652
	Performance rights	6,217	7.07	15-Dec-22	15-Dec-28	15-Dec-30	-	-	-	-	-	-	-	-	-	-	6,217
M Carnegie	Deferred shares	5,202		22-Nov-18	22-Nov-22	-	5,202	100	128,587	-	-	-	-	-	-	5,202	-
	Deferred shares	3,961		22-Nov-19	22-Nov-22	-	3,961	100	97,911	-	-	-	-	-	-	3,961	-
	Deferred shares	5,323		07-Dec-20	22-Nov-22	-	5,323	100	131,578	-	-	-	-	-	-	5,323	-
	Deferred shares	8,220		22-Nov-21	22-Nov-22	-	8,220	100	203,188	-	-	-	-	-	-	8,220	-
	Deferred shares	9,970	22.94	01-Oct-22	22-Nov-23	-	-	-	-	-	-	-	-	-	-	-	9,970
	Deferred shares	9,969	22.94	01-Oct-22	22-Nov-24	-	-	-	-	-	-	-	-	-	-	-	9,969
	Restricted rights	18,286	19.36	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	-	-	-	-	-	-	-	18,286
	Restricted rights	18,286	18.22	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	18,286
	Performance rights	13,715	11.27	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	-	-	-	-	-	-	-	13,715
	Performance rights	4,571	7.46	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	-	-	-	-	-	-	-	4,571
	Performance rights	13,715	10.13	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	13,715
	Performance rights	4,571	7.32	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	4,571

Name	Type of equity	Number granted[1]	Equity fair value (for 2023 grants only) $	Grant date	First date exercisable	Date of expiry	Vested Number	Vested %	Vested Value[2] $	Lapsed/Forfeited Number	Lapsed/Forfeited %	Lapsed/Forfeited Value[2] $	Exercised/Sold Number	Exercised/Sold %	Exercised/Sold Value[2] $	Vested and exercisable as at 30 Sep 2023[3]	Unexercisable as at 30 Sep 2023[4]
CEO AND CURRENT DISCLOSED EXECUTIVES																	
K Corbally	Deferred shares	3,007		22-Nov-18	22-Nov-22	-	3,007	100	74,329	-	-	-	(3,007)	100	74,464	-	-
	Deferred shares	3,829		22-Nov-19	22-Nov-22	-	3,829	100	94,648	-	-	-	(3,829)	100	94,820	-	-
	Deferred shares	5,581		07-Dec-20	22-Nov-22	-	5,581	100	137,955	-	-	-	(5,581)	100	138,206	-	-
	Deferred shares	6,649		22-Nov-21	22-Nov-22	-	6,649	100	164,355	-	-	-	(6,649)	100	164,654	-	-
	Deferred shares	9,590	22.94	01-Oct-22	22-Nov-23	-	-	-	-	-	-	-	-	-	-	-	9,590
	Deferred shares	9,590	22.94	01-Oct-22	22-Nov-24	-	-	-	-	-	-	-	-	-	-	-	9,590
	Restricted rights	27,091	19.36	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	-	-	-	-	-	-	-	27,091
	Restricted rights	27,091	18.22	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	27,091
F Faruqui	Deferred shares	10,486		22-Nov-21	22-Nov-22	-	10,486	100	259,200	-	-	-	(1,963)	19	48,523	8,523	-
	Deferred shares	12,950	22.94	01-Oct-22	22-Nov-23	-	-	-	-	-	-	-	-	-	-	-	12,950
	Deferred shares	12,949	22.94	01-Oct-22	22-Nov-24	-	-	-	-	-	-	-	-	-	-	-	12,949
	Deferred share rights	5,158		07-Dec-20	22-Nov-22	29-Nov-22	5,158	100	127,499	-	-	-	(5,158)	100	127,499	-	-
	Deferred share rights	8,033		22-Nov-19	22-Nov-22	29-Nov-22	8,033	100	198,565	-	-	-	(8,033)	100	198,565	-	-
	Deferred share rights	8,496		22-Nov-18	22-Nov-22	29-Nov-22	8,496	100	210,010	-	-	-	(8,496)	100	210,010	-	-
	Restricted rights	18,286	19.36	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	-	-	-	-	-	-	-	18,286
	Restricted rights	18,286	18.22	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	18,286
	Performance rights	13,715	11.27	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	-	-	-	-	-	-	-	13,715
	Performance rights	4,571	7.46	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	-	-	-	-	-	-	-	4,571
	Performance rights	13,715	10.13	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	13,715
	Performance rights	4,571	7.32	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	4,571
G Florian	Deferred shares	1,609		22-Nov-18	22-Nov-21	-	-	-	-	-	-	-	(1,609)	100	39,614	-	-
	Deferred shares	3,251		22-Nov-18	22-Nov-22	-	3,251	100	80,360	-	-	-	(476)	15	11,861	2,775	-
	Deferred shares	3,367		22-Nov-19	22-Nov-21	-	-	-	-	-	-	-	(3,367)	100	82,313	-	-
	Deferred shares	2,244		22-Nov-19	22-Nov-22	-	2,244	100	55,469	-	-	-	(2,244)	100	54,859	-	-
	Deferred shares	6,442		07-Dec-20	22-Nov-21	-	-	-	-	-	-	-	(6,442)	100	157,487	-	-
	Deferred shares	4,829		07-Dec-20	22-Nov-22	-	4,829	100	119,367	-	-	-	(4,829)	100	118,054	-	-
	Deferred shares	9,770		22-Nov-21	22-Nov-22	-	9,770	100	241,502	-	-	-	(9,770)	100	238,846	-	-
	Deferred shares	9,590	22.94	01-Oct-22	22-Nov-23	-	-	-	-	-	-	-	-	-	-	-	9,590
	Deferred shares	9,590	22.94	01-Oct-22	22-Nov-24	-	-	-	-	-	-	-	-	-	-	-	9,590
	Restricted rights	16,823	19.36	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	-	-	-	-	-	-	-	16,823
	Restricted rights	16,823	18.22	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	16,823
	Performance rights	12,617	11.27	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	-	-	-	-	-	-	-	12,617
	Performance rights	4,205	7.46	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	-	-	-	-	-	-	-	4,205
	Performance rights	12,617	10.13	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	12,617
	Performance rights	4,205	7.32	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	4,205
R Howell[5]																	
C Morgan[5]	Deferred shares	3,025	24.52	20-Aug-23	20-Aug-24	-	-	-	-	-	-	-	-	-	-	-	3,025
	Deferred shares	5,082	24.52	20-Aug-23	20-Aug-24	-	-	-	-	-	-	-	-	-	-	-	5,082
	Deferred shares	5,082	24.52	20-Aug-23	20-Aug-25	-	-	-	-	-	-	-	-	-	-	-	5,082
	Restricted rights	18,422	19.45	25-Sep-23	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	18,422
	Performance rights	13,816	11.89	25-Sep-23	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	13,816
	Performance rights	4,605	8.24	25-Sep-23	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	4,605

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(no financial statements)

Name	Type of equity	Number granted[1]	Equity fair value (for 2023 grants only) $	Grant date	First date exercisable	Date of expiry	Vested Number	Vested %	Vested Value[2] $	Lapsed/Forfeited Number	Lapsed/Forfeited %	Lapsed/Forfeited Value[2] $	Exercised/Sold Number	Exercised/Sold %	Exercised/Sold Value[2] $	Vested and exercisable as at 30 Sep 2023[3]	Unexercisable as at 30 Sep 2023[4]
CEO AND CURRENT DISCLOSED EXECUTIVES																	
A Strong[5]	Deferred shares	4,361		22-Nov-19	22-Nov-22	-	4,361	100	107,798	-	-	-	(4,361)	100	103,826	-	-
	Deferred shares	3,229		07-Dec-20	22-Nov-22	-	3,229	100	79,817	-	-	-	(639)	20	15,213	2,590	-
	Deferred shares	4,189		22-Nov-21	22-Nov-22	-	4,189	100	103,547	-	-	-	-	-	-	4,189	-
	Deferred shares	6,133	24.72	22-Nov-22	22-Nov-23	-	-	-	-	-	-	-	-	-	-	-	6,133
	Deferred shares	6,132	24.72	22-Nov-22	22-Nov-24	-	-	-	-	-	-	-	-	-	-	-	6,132
	Deferred shares	6,132	24.72	22-Nov-22	22-Nov-25	-	-	-	-	-	-	-	-	-	-	-	6,132
	Restricted rights	10,972	19.36	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	-	-	-	-	-	-	-	10,972
	Restricted rights	10,972	18.22	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	10,972
	Performance rights	8,229	11.27	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	-	-	-	-	-	-	-	8,229
	Performance rights	2,743	7.46	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	-	-	-	-	-	-	-	2,743
	Performance rights	8,229	10.13	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	8,229
	Performance rights	2,743	7.32	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	2,743
A Watson	Deferred shares	3,901		22-Nov-19	22-Nov-22	-	3,901	100	96,428	-	-	-	(3,901)	100	97,341	-	-
	Deferred shares	4,354		07-Dec-20	22-Nov-22	-	4,354	100	107,625	-	-	-	(4,354)	100	108,644	-	-
	Deferred shares	9,924		22-Nov-21	22-Nov-22	-	9,924	100	245,308	-	-	-	(9,924)	100	247,632	-	-
	Deferred shares	9,162	22.94	01-Oct-22	22-Nov-23	-	-	-	-	-	-	-	-	-	-	-	9,162
	Deferred shares	9,162	22.94	01-Oct-22	22-Nov-24	-	-	-	-	-	-	-	-	-	-	-	9,162
	Employee Share Offer	32		02-Dec-19	02-Dec-22	-	32	100	790	-	-	-	-	-	-	32	-
	Restricted rights	16,221	19.36	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	-	-	-	-	-	-	-	16,221
	Restricted rights	16,221	18.22	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	16,221
	Performance rights	12,166	11.27	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	-	-	-	-	-	-	-	12,166
	Performance rights	4,055	7.46	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	-	-	-	-	-	-	-	4,055
	Performance rights	12,166	10.13	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	12,166
	Performance rights	4,055	7.32	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	4,055
M Whelan	Deferred shares	7,072		22-Nov-18	22-Nov-22	-	7,072	100	174,811	-	-	-	(7,072)	100	174,726	-	-
	Deferred shares	6,998		22-Nov-19	22-Nov-22	-	6,998	100	172,981	-	-	-	(6,998)	100	172,897	-	-
	Deferred shares	4,722		07-Dec-20	22-Nov-22	-	4,722	100	116,722	-	-	-	(4,722)	100	116,665	-	-
	Deferred shares	11,700		22-Nov-21	22-Nov-22	-	11,700	100	289,209	-	-	-	(11,700)	100	289,068	-	-
	Deferred shares	11,595	22.94	01-Oct-22	22-Nov-23	-	-	-	-	-	-	-	-	-	-	-	11,595
	Deferred shares	11,595	22.94	01-Oct-22	22-Nov-24	-	-	-	-	-	-	-	-	-	-	-	11,595
	Restricted rights	21,358	19.36	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	-	-	-	-	-	-	-	21,358
	Restricted rights	21,358	18.22	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	21,358
	Performance rights	16,019	11.27	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	-	-	-	-	-	-	-	16,019
	Performance rights	5,339	7.46	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	-	-	-	-	-	-	-	5,339
	Performance rights	16,019	10.13	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-		-	-	-	-	-	-	16,019
	Performance rights	5,339	7.32	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	-	-	-	-	-	-	-	5,339

Name	Type of equity	Number granted[1]	Equity fair value (for 2023 grants only) $	Grant date	First date exercisable	Date of expiry	Vested Number	Vested %	Vested Value[2] $	Lapsed/ Forfeited Number	Lapsed/ Forfeited %	Lapsed/ Forfeited Value[2] $	Exercised/Sold Number	Exercised/Sold %	Exercised/Sold Value[2] $	Vested and exercisable as at 30 Sep 2023[3]	Unexercisable as at 30 Sep 2023[4]
FORMER DISCLOSED EXECUTIVES																	
K van der Merwe[6]	Deferred shares	524		22-Nov-18	22-Nov-19	-	-	-	-	-	-	-	(524)	100	12,962	-	-
	Deferred shares	3,577		22-Nov-18	22-Nov-20	-	-	-	-	-	-	-	(3,577)	100	88,481	-	-
	Deferred shares	3,577		22-Nov-18	22-Nov-21	-	-	-	-	-	-	-	(3,577)	100	88,481	-	-
	Deferred shares	3,577		22-Nov-18	22-Nov-22	-	3,577	100	88,419	-	-	-	(1,192)	33	29,485	2,385	-
	Deferred shares	3,301		22-Nov-19	22-Nov-22	-	3,301	100	81,596	-	-	-	-	-	-	3,301	-
	Deferred shares	1,650		22-Nov-19	22-Nov-23	-	-	-	-	(1,650)	100	(39,067)	-	-	-	-	-
	Deferred shares	4,293		07-Dec-20	22-Nov-22	-	4,293	100	106,117	-	-	-	-	-	-	4,293	-
	Deferred shares	2,862		07-Dec-20	22-Nov-23	-	-	-	-	(2,862)	100	(67,763)	-	-	-	-	-
	Deferred shares	1,431		07-Dec-20	22-Nov-24	-	-	-	-	(1,431)	100	(33,882)	-	-	-	-	-
	Deferred shares	8,579		22-Nov-21	22-Nov-22	-	8,579	100	212,062	-	-	-	-	-	-	8,579	-
	Deferred shares	6,433		22-Nov-21	22-Nov-23	-	-	-	-	(6,433)	100	(152,313)	-	-	-	-	-
	Deferred shares	4,288		22-Nov-21	22-Nov-24	-	-	-	-	(4,288)	100	(101,527)	-	-	-	-	-
	Deferred shares	2,144		22-Nov-21	22-Nov-25	-	-	-	-	(2,144)	100	(50,763)	-	-	-	-	-
	Deferred shares	8,669	22.94	01-Oct-22	22-Nov-23	-	-	-	-	(8,669)	100	(205,255)	-	-	-	-	-
	Deferred shares	8,669	22.94	01-Oct-22	22-Nov-24	-	-	-	-	(8,669)	100	(205,255)	-	-	-	-	-
	Restricted rights	15,214	19.36	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	(15,214)	100	(360,220)	-	-	-	-	-
	Restricted rights	15,214	18.22	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	(15,214)	100	(360,220)	-	-	-	-	-
	Performance rights	25,510		22-Nov-19	22-Nov-23	22-Nov-25	-	-	-	(25,510)	100	(603,998)	-	-	-	-	-
	Performance rights	8,503		22-Nov-19	22-Nov-23	22-Nov-25	-	-	-	(8,503)	100	(201,325)	-	-	-	-	-
	Performance rights	23,213		07-Dec-20	22-Nov-24	22-Nov-26	-	-	-	(23,213)	100	(549,612)	-	-	-	-	-
	Performance rights	7,737		07-Dec-20	22-Nov-24	22-Nov-26	-	-	-	(7,737)	100	(183,188)	-	-	-	-	-
	Performance rights	33,140		22-Nov-21	22-Nov-25	22-Nov-27	-	-	-	(33,140)	100	(784,652)	-	-	-	-	-
	Performance rights	11,046		22-Nov-21	22-Nov-25	22-Nov-27	-	-	-	(11,046)	100	(261,535)	-	-	-	-	-
	Performance rights	11,410	11.27	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	(11,410)	100	(270,153)	-	-	-	-	-
	Performance rights	3,803	7.46	22-Nov-22	22-Nov-26	22-Nov-28	-	-	-	(3,803)	100	(90,043)	-	-	-	-	-
	Performance rights	11,410	10.13	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	(11,410)	100	(270,153)	-	-	-	-	-
	Performance rights	3,803	7.32	22-Nov-22	22-Nov-27	22-Nov-29	-	-	-	(3,803)	100	(90,043)	-	-	-	-	-

1. For the purpose of the five highest paid executive disclosures, Executives are defined as Disclosed Executives or other members of the ExCo. For the 2023 financial year the five highest paid executives include five Disclosed Executives. Rights granted to Disclosed Executives as remuneration in 2023 are included in the table. No rights have been granted to the CEO, Disclosed Executives or the five highest paid executives since the end of 2023 up to the Directors' Report sign-off date. **2.** The point in time value of deferred shares/deferred share rights and/or restricted rights/performance rights is based on the one day VWAP of the Company's shares traded on the ASX on the date of vesting, lapsing/forfeiture or exercising/sale/transfer out of trust, multiplied by the number of deferred shares/deferred share rights and/or restricted rights/performance rights. The exercise price for all deferred share rights/restricted rights/performance rights is $0.00. No terms or conditions of grant of the share-based payment transactions have been altered or modified during the reporting period. **3.** The number vested and exercisable is the number of shares, options and rights that remain vested at the end of the reporting period. No shares, options and rights were vested and unexercisable. **4.** Performance rights granted in prior years (by grant date) that remained unexerciseable at 30 September 2023 or date ceased as a KMP include:

	Nov-19	Nov-20	Nov-21	Nov-22
S Elliott	168,066	159,308	126,353	73,143
M Carnegie	40,816	38,378	42,345	36,572
K Corbally	-	-	-	-
F Faruqui	69,118	34,045	54,006	36,572
G Florian	23,128	34,820	50,324	33,644
R Howell	-	-	-	-
C Morgan	-	-	-	18,421
A Strong	-	-	-	21,944
A Watson	-	31,389	51,117	32,442
M Whelan	72,108	34,045	60,266	42,716
K van der Merwe	-	-	-	-

Performance rights granted to S Elliott in 2023 were approved by shareholders at the 2022 AGM in accordance with ASX Listing Rule 10.14. **5.** Equity transactions disclosed from date commenced as a Disclosed Executive. There were no disclosable transactions for R Howell. **6.** Equity transactions disclosed up to date ceased as a KMP.

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(no financial statements)

11.2.2 NED, CEO AND DISCLOSED EXECUTIVES' EQUITY HOLDINGS

The table below sets out details of equity held directly, indirectly or beneficially by each NED, the CEO and each Disclosed Executive, including their related parties.

Equity holdings – NED, CEO and Disclosed Executives

Name	Type of equity	Opening balance at 1 Oct 2022	Granted during the year as remuneration[1]	Received during the year on exercise of options or rights	Resulting from any other changes during the year[2]	Closing balance at 30 Sep 2023[3,4]
CURRENT NON-EXECUTIVE DIRECTORS						
P O'Sullivan	Ordinary shares	4,350	-	-	-	**4,350**
	Capital notes 7	9,250	-	-	-	**9,250**
I Atlas	Ordinary shares	15,318	-	-	-	**15,318**
J Halton	Ordinary shares	9,653	-	-	405	**10,058**
G Hodges[5]	Ordinary shares	201,635	-	-	(17,234)	**184,401**
	Capital notes 4	1,350	-	-	-	**1,350**
J Key	Ordinary shares	10,500	-	-	-	**10,500**
H Kramer[5]	Ordinary shares	5,828	-	-	-	**5,828**
J Macfarlane	Ordinary shares	19,042	-	-	-	**19,042**
	Capital notes 3	5,000	-	-	(5,000)	**-**
	Capital notes 6	2,140	-	-	-	**2,140**
	Capital notes 7	2,000	-	-	-	**2,000**
	Capital notes 8	-	-	-	5,000	**5,000**
C O'Reilly	Ordinary shares	6,400	-	-	-	**6,400**
J Smith	Ordinary shares	2,779	-	-	-	**2,779**
FORMER NON-EXECUTIVE DIRECTORS						
G Liebelt[6]	Ordinary shares	21,671	-	-	-	**21,671**
	Capital notes 6	2,500	-	-	-	**2,500**
	Capital notes 7	2,500	-	-	-	**2,500**
CEO AND CURRENT DISCLOSED EXECUTIVES						
S Elliott	Deferred shares	69,986	40,312	-	(37,195)	**73,103**
	Ordinary shares	395,108	-	-	100,532	**495,640**
	Vested shares 1yr restriction	56,989	-	-	(56,989)	**-**
	Restricted rights	-	73,145	-	-	**73,145**
	Performance rights	453,727	73,143	-	-	**526,870**
M Carnegie	Deferred shares	112,834	19,939	-	-	**132,773**
	Ordinary shares	34,098	-	-	7,482	**41,580**
	Restricted rights	-	36,572	-	-	**36,572**
	Performance rights	121,539	36,572	-	-	**158,111**
K Corbally	Deferred shares	45,844	19,180	-	(19,066)	**45,958**
	Ordinary shares	1,381	-	-	2,964	**4,345**
	Capital notes 6	1,400	-	-	-	**1,400**
	Deferred share rights	62,675	-	-	-	**62,675**
	Restricted rights	-	54,182	-	-	**54,182**
F Faruqui	Deferred shares	28,006	25,899	-	(1,963)	**51,942**
	Ordinary shares	100,380	-	21,687	(1,550)	**120,517**
	Deferred share rights	31,467	-	(21,687)	-	**9,780**
	Restricted rights	-	36,572	-	-	**36,572**
	Performance rights	157,169	36,572	-	-	**193,741**
G Florian	Deferred shares	56,605	19,180	-	(28,737)	**47,048**
	Ordinary shares	37,583	-	-	18,029	**55,612**
	Restricted rights	-	33,646	-	-	**33,646**
	Performance rights	108,272	33,644	-	-	**141,916**
R Howell[5]	Deferred shares	12,138	-	-	-	**12,138**
	Ordinary shares	324	-	-	(324)	**-**
C Morgan[5]	Deferred shares	-	13,189	-	-	**13,189**
	Ordinary shares	25	-	-	(25)	**-**
	Restricted rights	-	18,422	-	-	**18,422**
	Performance rights	-	18,421	-	-	**18,421**
A Strong[5]	Deferred shares	23,382	18,397	-	(5,000)	**36,779**
	Ordinary shares	2,264	-	-	1,971	**4,235**
	Restricted rights	-	21,944	-	-	**21,944**
	Performance rights	-	21,944	-	-	**21,944**
A Watson	Deferred shares	41,956	18,324	-	(18,179)	**42,101**
	Employee Share Offer	61	-	-	-	**61**
	Ordinary shares	37,581	-	-	13,393	**50,974**
	Restricted rights	-	32,442	-	-	**32,442**
	Performance rights	82,506	32,442	-	-	**114,948**
M Whelan	Deferred shares	56,260	23,190	-	(30,492)	**48,958**
	Ordinary shares	46,963	-	-	233	**47,196**
	Restricted rights	-	42,716	-	-	**42,716**
	Performance rights	166,419	42,716	-	-	**209,135**

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(no financial statements)

FORMER DISCLOSED EXECUTIVES						
K van der Merwe[6]	Deferred shares	63,515	17,338	-	(45,016)	**35,837**
	Ordinary shares	29,407	-	-	1,918	**31,325**
	Restricted rights	-	30,428	-	(30,428)	-
	Performance rights	109,149	30,426	-	(139,575)	-

1. Details of options/rights granted as remuneration during 2023 are provided in the previous table. **2.** Shares resulting from any other changes during the year include the net result of any shares purchased (including under the ANZ Share Purchase Plan), forfeited, sold or acquired under the Dividend Reinvestment Plan. **3.** The following shares (included in the holdings above) were held on behalf of the NEDs, CEO and Disclosed Executives (i.e., indirect beneficially held shares) as at 30 September 2023 (or the date ceased as a KMP): P O'Sullivan - 0, I Atlas - 15,318, J Halton - 0, G Hodges - 0, J Key - 10,500, H Kramer - 5,828, J Macfarlane - 28,182, C O'Reilly - 0, J Smith - 0, G Liebelt - 8,436, S Elliott - 562,395, M Carnegie - 132,773, K Corbally - 47,358, F Faruqui - 51,942, G Florian - 56,947, R Howell - 12,138, C Morgan - 13,189, A Strong - 36,779, A Watson - 42,162, M Whelan - 92,771, K van der Merwe - 35,837. **4.** Zero rights were vested and exercisable, and zero options/rights were vested and unexercisable as at 30 September 2023. There was no change in the balance as at the Directors' Report sign-off date. **5.** Commencing balance is based on holdings as at the date of commencement as a KMP. **6.** Concluding balance is based on holdings as at the date ceased as a KMP.

11.3 Loans

11.3.1 OVERVIEW

When we lend to NEDs, the CEO or Disclosed Executives, we do so in the ordinary course of business and on normal commercial terms and conditions that are no more favourable than those given to other employees or customers – this includes the term of the loan, the security required and the interest rate. Details of the terms and conditions of lending products can be found on anz.com. No amounts have been written off during the period, or individual assessed allowance for expected credit losses raised in respect of these balances.

Total loans to NEDs, the CEO and Disclosed Executives, including their related parties at 30 September 2023 (including those with balances less than $100,000) was $31,068,195 (2022: $30,679,346) with interest paid of $1,346,442 (2022: $790,118) during the period.

11.3.2 NED, CEO AND DISCLOSED EXECUTIVES' LOAN TRANSACTIONS

The table below sets out details of loans outstanding to NEDs, the CEO and Disclosed Executives including their related parties, if – at any time during the year – the individual's aggregate loan balance exceeded $100,000.

Loan transactions – NED, CEO and Disclosed Executives

Name	Opening balance at 1 Oct 2022[1] $	Closing balance at 30 Sep 2023 $	Interest paid and payable in the reporting period[2] $	Highest balance in the reporting period $
CURRENT NON-EXECUTIVE DIRECTORS				
P O'Sullivan	731,495	**657,998**	28	736,813
G Hodges	2,173,487	**2,322,549**	105,411	3,307,728
J Key	3,703,009	**3,583,961**	285,191	3,927,633
H Kramer	3,177,784	**3,189,935**	29,733	3,198,854
J Macfarlane	9,364,205	**5,907,690**	539,941	10,643,712
CEO AND CURRENT DISCLOSED EXECUTIVES				
S Elliott	2,521,407	**2,467,062**	84,378	2,561,192
M Carnegie	3,374	**5,602,183**	18,855	5,646,088
G Florian	4,250,856	**2,324,157**	79,239	4,293,369
A Strong	1,461,490	**1,715,981**	62,505	1,852,107
M Whelan	1,550,938	**1,528,458**	89,738	1,601,107
FORMER DISCLOSED EXECUTIVES				
K van der Merwe[3]	1,655,942	**1,696,038**	49,224	1,733,877
Total	**30,593,988**	**30,996,013**	**1,344,242**	**39,502,479**

1. Opening balances have been adjusted for new and leaving KMP. **2.** Actual interest paid after considering offset accounts. The loan balance is shown gross, however the interest paid takes into account the impact of offset amounts. **3.** Closing balance is as at the date ceased as a KMP.

11.4 Other transactions

Other transactions with NEDs, the CEO and Disclosed Executives, and their related parties included deposits.

Other transactions – NED, CEO and Disclosed Executives

	Opening balance at 1 Oct 2022[1] $	Closing balance at 30 Sep 2023[2,3] $
Total KMP deposits	30,432,187	**40,819,935**

1. Opening balance is at 1 October 2022 or the date of commencement as a KMP if part way through the year and it has been adjusted to take into account timing variances. **2.** Closing balance is at 30 September 2023 or at the date ceased as a KMP if part way through the year. **3.** Interest received on deposits for 2023 was $1,001,678 (2022: $140,355).

Other transactions with KMP and their related parties included amounts paid to the Group in respect of investment management service fees, brokerage, bank fees and charges. The Group has reimbursed KMP for the costs incurred for security and secretarial services associated with the performance of their duties. These transactions are conducted on normal commercial terms and conditions are no more favourable than those given to other employees or customers.

Management commentary
(no financial statements)

DIRECTORS' REPORT

Directors' report

The Directors' Report for the financial year ended 30 September 2023 has been prepared in accordance with the requirements of the *Corporations Act 2001*. The information below forms part of this Directors' Report:

- Principal activities on page 7;
- Operating and financial review on pages 20 to 32;
- Dividends on page 32;
- Information on the Directors on pages 8 to 10;
- Remuneration report on pages 34 to 71.

Establishment of a New Group Organisational Structure

On 3 January 2023, Australia and New Zealand Banking Group Limited (ANZBGL) established by a scheme of arrangement, a non-operating holding company, ANZ Group Holdings Limited (ANZGHL), as the new listed parent holding company of the ANZ Group and implemented a restructure to separate ANZ's banking and certain non-banking businesses into the ANZ Bank Group and ANZ Non-Bank Group (Restructure). The ANZ Bank Group comprises the majority of the businesses and subsidiaries that were held in ANZBGL prior to the Restructure. The ANZ Non-Bank Group comprises banking-adjacent businesses developed or acquired by the ANZ Group to focus on bringing new technology and banking-adjacent services to the ANZ Group's customers, and a separate service company.

The key steps undertaken in the Restructure were:

- new legal entities ANZGHL, ANZ BH Pty Ltd, ANZ NBH Pty Ltd and ANZ Group Services Pty Ltd were created;
- each ANZBGL shareholder received one ANZGHL ordinary share for each ANZBGL ordinary share that they held prior to the implementation of the Restructure;
- ANZBGL transferred its beneficial interests in banking-adjacent businesses to ANZ NBH Pty Ltd;
- ANZBGL transferred its interest in several properties to ANZ Group Services Pty Ltd;
- ANZBGL transferred all shares in ANZ BH Pty Ltd, ANZ NBH Pty Ltd and ANZ Group Services Pty Ltd to ANZGHL; and
- ANZGHL transferred all shares in ANZBGL to ANZ BH Pty Ltd.

As a result of the Restructure, the consolidated results of ANZBGL and its subsidiaries for the 2023 financial year consist of:

- the results of the former ANZ Group for the period 1 October 2022 to 2 January 2023;
- the results of the ANZBGL Group for the period 3 January to 30 September 2023.

ANZGHL Financial Information

As a result of the Restructure, ANZBGL is a subsidiary of ANZGHL. A copy of the 2023 ANZGHL Annual Report can be accessed via the ANZ Shareholder Centre at anz.com/shareholder/centre/reporting.

Significant changes in state of affairs

There have been no other significant changes in the Group's state of affairs other than Establishment of a New Group Organisational Structure as described above.

Events since the end of the financial year

There have been no significant events from 30 September 2023 to the date of signing this report.

Participation in political party activities

We aim to assist the democratic process in Australia by attending and participating in paid events hosted by the major federal political parties. For the year ended 30 September 2023, we contributed $97,159 to participate in political activities hosted by the Australian Labor Party, the Liberal Party of Australia and the National Party of Australia. These activities included speeches, political functions and conferences, and policy dialogue forums. We disclose these contributions to the Australian Electoral Commission (AEC), noting the AEC's reporting year is a different period to the Group's financial year.

Modern slavery statement

The Group is subject to *Australia's Modern Slavery Act Australian Commonwealth Modern Slavery Act 2018 (Cth)* and *United Kingdom's Modern Slavery Act 2015*.

Our Modern Slavery Statement sets out actions taken to identify, assess and manage modern slavery risks in our operations and supply chain during the financial year ended 30 September 2023.

Our 2023 Modern Slavery Statement will be available at anz.com/esgreport prior to our Annual General Meeting.

Environmental regulation

We recognise the expectations of our stakeholders – customers, shareholders, staff and the community – to operate in a way that mitigates our environmental impact.

In Australia, we meet the requirements of the *National Greenhouse and Energy Reporting Act 2007 (Cth)*, which imposes reporting obligations where energy production, usage or greenhouse gas emissions trigger specified thresholds.

We do not believe that our operations are subject to any other particular and significant environmental regulation under a law of the Commonwealth of Australia or of an Australian State or Territory. We may become subject to environmental regulation as a result of our lending activities in the ordinary course of business and have developed policies, which are reviewed on a regular basis, to help identify and manage such environmental matters.

Further details of our environmental performance, including progress against our targets and management of material issues aligned with our commitment to fair and responsible banking and priority areas of financial wellbeing, environmental sustainability and housing, are available in the ESG Supplement, at anz.com/annualreport.

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(no financial statements)

External auditor

The Group's external auditor is KPMG. The ANZ Group appointed Peat, Marwick, Mitchell & Co (predecessor to KPMG) in 1969.

The Board Audit Committee conducts a formal annual performance assessment of the external auditor, including whether to commence an external tender for the audit. After considering relevant factors including tenure, audit quality, local and international capability and experience, and independence, the Board Audit Committee resolved to reappoint KPMG for the 30 September 2024 financial year audit.

KPMG regularly rotates the Group Lead Audit Engagement Partner and the Engagement Quality Control Review Partner with the most recent rotation being for the financial years ended 30 September 2023 and 30 September 2020, respectively.

Non-audit services

Our Stakeholder Engagement Model for Relationship with the External Auditor (the Policy), which incorporates requirements of the *Corporations Act 2001* and industry best practice, prevents the external auditor from providing services that are perceived to be in conflict with the role of the external auditor or breach independence requirements. This includes consulting advice and sub-contracting of operational activities normally undertaken by management, and engagements where the external auditor may ultimately be required to express an opinion on its own work. Specifically, the Policy:

- limits the scope of non-audit services that may be provided;
- requires that audit, audit-related and permitted non-audit services be considered in light of independence requirements and for any potential conflicts of interest before they are approved by the Audit Committee, or approved by the Chair of the Audit Committee (or delegate) and notified to the Audit Committee; and
- requires pre-approval before the external auditor can commence any engagement for the Group.

Further details about the Policy can be found in ANZGHL's Corporate Governance Statement.

The external auditor has confirmed to the Audit Committee that it has:

- implemented procedures to ensure it complies with independence rules in applicable jurisdictions; and
- complied with applicable policies and regulations in those jurisdictions regarding the provision of non-audit services, and the Policy.

The Audit Committee has reviewed the non-audit services provided by the external auditor during the 2023 financial year, and has confirmed that the provision of these services is consistent with the Policy, compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* and did not compromise the auditor independence requirements of the *Corporations Act 2001*.

This has been formally advised by the Audit Committee to the Board of Directors.

The categories of non-audit services supplied to the Group during the year ended 30 September 2023 by the external auditor, KPMG, or by another person or firm on KPMG's behalf, and the amounts paid or payable (including GST) by the Group are as follows:

	Amount paid/ payable $'000's	
Non-audit services	**2023**	**2022**
Methodology, procedural and administrative reviews	105	8
Total	105	8

Further details on the compensation paid to KPMG are provided in Note 33 Auditor Fees to the financial statements including details of audit-related services provided during the year of $5.82 million (2022: $7.50 million).

For the reasons set out above, the Directors are satisfied that the provision of non-audit services by the external auditor during the year ended 30 September 2023 is compatible with the general standard of independence for external auditors imposed by the *Corporations Act 2001* and did not compromise the auditor independence requirements of the *Corporations Act 2001*.

Directors' and officers' indemnity

ANZBGL's Constitution (Rule 9.1) permits ANZBGL to:

- Indemnify any officer or employee of ANZBGL or any of its related bodies corporate, or its auditor, against liabilities (so far as may be permitted under applicable law) incurred as such an officer, employee or auditor to a person (other than ANZBGL or a related body corporate), including liabilities incurred as a result of appointment or nomination by ANZBGL or a related body corporate as a trustee or as an officer or employee of another corporation; and
- Make payments in respect of legal costs incurred by an officer or employee or auditor in defending an action for a liability incurred as such an officer, employee or auditor, or in resisting or responding to actions taken by a government agency, a duly constituted Royal Commission or other official inquiry, a liquidator, administrator, trustee in bankruptcy or other authorised official.

Our policy is that our employees should be protected from any liability they incur as a result of acting in the course of their employment, subject to appropriate conditions.

Under the policy, we will indemnify employees and former employees against any liability they incur to any third party as a result of acting in good faith in the course of their employment and this extends to liability incurred as a result of their appointment/nomination by or at the request of the ANZ Group as an officer or employee of another corporation or body or as a trustee.

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The indemnity is subject to applicable law and certain exceptions.

ANZBGL has entered into Indemnity Deeds with each of its Directors, with certain secretaries and former Directors of ANZBGL, and with certain employees and other individuals who act as directors or officers of related bodies corporate or of another company, to indemnify them against liabilities and legal costs of the kind mentioned in ANZBGL's Constitution.

During the 2023 financial year, we have paid premiums for insurance for the benefit of the Directors and employees of the Group. In accordance with common commercial practice, the insurance prohibits disclosure of the nature of the liability insured against and the amount of the premium.

Key management personnel and employee share and option plans

The Remuneration Report contains details of Non-Executive Directors, Chief Executive Officer and Disclosed Executives' equity holdings and options/rights issued during the 2023 financial year and as at the date of this report.

Note 30 Employee Share and Option Plans to the 2023 Financial Report contains details of the 2023 financial year and as at the date of this report:

- Options/rights issued over shares granted to employees;
- Shares issued as a result of the exercise of options/rights granted to employees; and
- Other details about share options/rights issued, including any rights to participate in any share issues.

The names of all persons who currently hold options/rights are entered in the register kept by ANZGHL pursuant to section 170 of the *Corporations Act 2001*. This register may be inspected free of charge.

Rounding of amounts

ANZBGL is a company of the kind referred to in *Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* dated 24 March 2016 and, in accordance with that Instrument, amounts in the consolidated financial statements and this Directors' Report have been rounded to the nearest million dollars unless specifically stated otherwise.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.

Paul D O'Sullivan
Chairman

10 November 2023

Shayne C Elliott
Managing Director

10 November 2023

Lead Auditor's Independence Declaration

The Lead Auditors Independence Declaration given under *Section 307C of the Corporations Act 2001* is set out below and forms part of the Directors' Report for the year ended 30 September 2023.

To: the Directors of Australia and New Zealand Banking Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Australia and New Zealand Banking Group Limited for the financial year ended 30 September 2023, there have been:

- No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- No contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Martin McGrath
Partner

10 November 2023

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Management commentary
(no financial statements)

13 November 2023

Market Announcements Office
ASX Limited
Level 4
20 Bridge Street
SYDNEY NSW 2000

ANZ 2023 Climate-related Financial Disclosures

ANZ Group Holdings Limited (ANZ) today released its 2023 Climate-related Financial Disclosures.

It has been approved for distribution by ANZ's Ethics, Environment, Social & Governance Committee.

Yours faithfully,

Simon Pordage
Company Secretary
ANZ Group Holdings Limited

ANZ Group Holdings Limited
9/833 Collins Street Docklands Victoria 3008 Australia
ABN 16 659 510 791

Management commentary
(no financial statements)

2023

CLIMATE-RELATED FINANCIAL DISCLOSURES

Approved for distribution by ANZ's Ethics, Environment, Social & Governance Committee

Management commentary
(no financial statements)

SHAPING A WORLD WHERE PEOPLE AND COMMUNITIES THRIVE

More than ever, ANZ has shaped itself as a bank that supports our customers across 29 markets.

And today, from individuals to businesses, we continue to build a bank that helps them achieve sustainable financial wellbeing.

It's an uncompromising purpose that helps our customers make the most of their world, every day.

Management commentary
(no financial statements)

CONTENTS

Acknowledgement of Country and Traditional Owners

ANZ acknowledges the Traditional Custodians of Country throughout Australia and recognises the continuing connection to lands, skies and waterways. We pay our respects to Aboriginal and Torres Strait Islander cultures, and to Elders past and present.

***Whakatauākī*, ANZ New Zealand's Proverb**

Tākiri-ā-Rangi The expansive universe above

Tākiri-ā-Nuku The beauty of the proceeding lands below

Tākiri Te Awatea A new dawn beckons

Kia Puawai Ki Te Ao A blossoming to the world

Te Kare A Roto E With ripples of compassion and hope for all.

Management commentary
(no financial statements)

ABOUT THIS REPORT

Through our purpose to shape a world where people and communities thrive – we have elevated three areas facing significant societal challenges aligned with our strategy and reach. This includes supporting households, business and financial practices that improve **Environmental Sustainability**.

On 3 January 2023, Australia and New Zealand Banking Group Limited (ANZBGL) established by a scheme of arrangement, a non-operating holding company, ANZ Group Holdings Limited (ANZGHL), as the new listed parent holding company of the ANZ Group and implemented a restructure to separate ANZ's banking and certain non-banking businesses into the ANZ Bank Group and ANZ Non-Bank Group (Restructure). The ANZ Bank Group comprises the majority of the businesses and subsidiaries that were held in ANZBGL prior to the Restructure. The ANZ Non-Bank Group comprises banking-adjacent businesses developed or acquired by the ANZ Group to focus on bringing new technology and banking-adjacent services to the ANZ Group's customers, and a separate service company.

This report describes ANZGHL and its subsidiaries (referred to as "ANZ" or "the Group" or "our") progress towards implementing our Climate Change Commitment and Environmental Sustainability Strategy.

The other two focus areas facing societal challenge, Financial Wellbeing and Housing, are covered in detail in our ESG Supplement available at anz.com/esgreport.

Supporting Sustainable Development

We are committed to the United Nations Sustainable Development Goals (SDGs) and believe that business has an important role to play in their achievement. Our current ESG targets strive to support all of the 17 SDGs.

In 2019 we became a founding signatory to the UN Principles for Responsible Banking. Under the Principles we are required to set at least two targets that address our most significant (potential) positive and negative impacts, aligned with the SDGs and the Paris Climate Agreement.

We have reported our progress towards implementing the Principles using the Reporting and Self-assessment Index, available in our ESG Data and Frameworks pack at anz.com/esgreport. This year KPMG have also provided limited assurance over our Self-assessment Index.

Frameworks

This report has been prepared in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations 2017. We have sought to incorporate the additional recommendations of the TCFD (2021 Annex). Our TCFD Index can be found on page 78. Since 2017, we have disclosed our progress according to TCFD Recommendations with a summary in our Annual Report and detail within a standalone report.

ANZ joined the Net-Zero Banking Alliance (NZBA) in 2021 and the information within this report sets out how we are taking action in line with this commitment. We have also considered aspects of the Glasgow Financial Alliance for Net Zero (GFANZ) requirements.

With the release of the Taskforce on Nature-related Financial Disclosures (TNFD) framework in September 2023, we are taking steps towards the TNFD's recommendations to help inform our disclosures in this report. Our TNFD Index can be found on page 79.

While most of the information on how we are transitioning towards net zero is available throughout this report, we intend to publish a more detailed transition plan next year on how we plan to reach net zero.

Further detail about our approach to developing metrics, pathways and targets for our priority sectors, can be found in ANZ's Financed Emissions Methodology and in ANZ's Social and Environmental Sustainability Target Methodology available at anz.com/esgreport.

Boundaries

The report covers all operations over which we have control for the financial year commencing on 1 October 2022 and ending 30 September 2023, referred to as "2023" throughout the report, unless otherwise stated. Monetary amounts in this document are reported in Australian dollars, unless otherwise stated.

Assurance

KPMG has performed limited assurance over the disclosures in this report, including the two methodology documents referenced above. A copy of KPMG's limited assurance report is on pages 88-89. KPMG has also performed reasonable assurance over Global GHG Emissions (Scope 1 and 2).

2023 Reporting Suite

We produce a suite of reports to meet the needs and requirements of a wide range of stakeholders including shareholders, customers, employees, regulators, non-government organisations (NGOs) and the community.

This Climate-related Financial Disclosures report complements our 2023 Annual Report available at anz.com/annualreport.

Our 2023 ESG Supplement provides stakeholders with detailed ESG disclosures, including performance against our ESG targets. Available at anz.com/esgreport.

Our 2023 Corporate Governance Statement discloses how we have complied with the Australian Securities Exchange (ASX) Corporate Governance Council's 'Corporate Governance Principles and Recommendations – 4th edition' and is available at anz.com/corporategovernance.

We are continually seeking to improve our reporting suite and welcome feedback on this report. Please address any questions, comments or suggestions in relation to this report to corporate.sustainability@anz.com.

Management commentary
(no financial statements)

DISCLAIMER & IMPORTANT NOTICES

The material in this report contains general background information about the Group's activities current as at 10 November 2023. It is information given in summary form and does not purport to be complete. It has a sustainability focus and does not reflect the totality of the Group's business activities. For a more complete overview of the Group's business, see the ANZ Annual Report available at anz.com/shareholder/centre/.

It is not intended to be and should not be relied upon as advice to investors or potential investors, and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice, when deciding if an investment is appropriate.

Forward-looking statements

This report may contain forward-looking statements or opinions including statements regarding our intent, belief or current expectations with respect to the Group's business operations, market conditions, results of operations and financial condition, capital adequacy, sustainability objectives or targets, specific provisions and risk management practices. When used in the report, the words 'forecast', 'estimate', 'goal', 'target', 'indicator', 'plan', 'pathway', 'ambition', 'modelling', 'project', 'intend', 'anticipate', 'believe', 'expect', 'may', 'probability', 'risk', 'will', 'seek', 'would', 'could', 'should' and similar expressions, as they relate to the Group and its management, are intended to identify forward-looking statements or opinions. Those statements are usually predictive in character; or may be affected by inaccurate assumptions or unknown risks and uncertainties or may differ materially from results ultimately achieved. As such, these statements should not be relied upon when making investment decisions. These statements only speak as at the date of publication and no representation is made as to their correctness on or after this date. Forward-looking statements constitute 'forward-looking statements' for the purposes of the *United States Private Securities Litigation Reform Act of 1995*. The Group does not undertake any obligation to publicly release the result of any revisions to these forward-looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events.

Climate-related information

This report may contain climate-related statements, including in relation to climate-related risks and opportunities, climate-related goals and ambitions, climate scenarios, emissions reduction pathways and climate projections. While the Group has prepared the statements in good faith, climate-related statements are subject to significant uncertainty, challenges and risks that may affect their usefulness, accuracy and completeness, including:

1. **Availability and reliability of data** – emissions and climate-related data may be incomplete, inconsistent, unreliable or unavailable (including information from the Group's clients), and it may be necessary to rely on assumptions, estimates or proxies where that is the case.
2. **Uncertain methodologies and modelling** – methodologies, frameworks and standards used for calculations of climate-related metrics, modelling and climate data are not universally applied, are rapidly evolving and subject to change. This may impact the data modelling, approaches, and targets used in preparation of this report.
3. **Complexity of calculations and estimates** – Estimating financed emissions (including allocating emissions to financing activities) and emissions reduction is complex and relies on assumptions and judgments, often made in respect of long periods of time. For facilitated emissions, suitable standards to allow financial institutions to calculate facilitated emissions are still under development as at October 2023.
4. **Changes to climate-related governing frameworks** – changes to climate-related policy, laws, regulations and market practices, standards and developments, including those resulting from legal proceedings and regulatory investigations.
5. **Lack of consistency in definitions and climate-science terminology subject to changes** – definitions and standards for climate-related data and assessment frameworks used across industries and jurisdictions may vary, and terminology and concepts relating to climate science and decarbonisation pathways may evolve and change over time. These inconsistencies and changes can also make comparisons between different organisations' climate targets and achievements difficult or inappropriate.
6. **Reliance on third parties for data or involvement** – the Group may need to rely on assistance, data or other information from external data and methodology providers or other third parties, which may also be subject to change and uncertainty. Additionally, action and continuing participation of third parties, such as stakeholders, may be required (including financial institutions and governmental and non-governmental organisations).

Due to these uncertainties, challenges and risks, statements, assumptions, judgments, calculations, estimates or proxies made or used by the Group may turn out to be incorrect, inaccurate or incomplete. Readers should conduct their own independent analysis and not rely on the information for investment decision-making.

The information in this notice should be read with:

- The qualifications, limitations and guidance included throughout this report
- ANZ Financed Emissions Methodology available at anz.com/esgreport
- ANZ Greenhouse Gas Reporting and Carbon Offset Guidelines available at anz.com.au/about-us/esg/environmental-sustainability/environmental-footprint/
- ANZ Social and Environmental Sustainability Target Methodology available at anz.com/esgreport

Management commentary
(no financial statements)

2023
CLIMATE SNAPSHOT[1]

Existing Sectoral Pathways	2030 Interim Target Reduction	Status
Power Generation	50% (2020 baseline)	ON TRACK
Oil and Gas	26% (2020 baseline)	ON TRACK
Aluminium	30% (2021 baseline)	NOT ON TRACK
Cement	20% (2021 baseline)	ON TRACK
Steel	28% (2021 baseline)	CLOSE TO ON TRACK
Large-scale Commercial Real Estate[4]	60% (2019 baseline)	ON TRACK

New Sectoral Pathways		
Thermal Coal	100% (2020 baseline)	ON TRACK
Transport sub-sector: Aviation	30% (2019 baseline)	ON TRACK
Transport sub-sector: Auto Manufacturing	28% (2022 baseline)	ON TRACK
Transport sub-sector: Shipping	10% (2022 baseline)	ON TRACK

64

of 100 of our largest emitting business customers now have 'well developed' or 'advanced' transition plans versus 42 in September 2021[2]

Approximately

$8.8B

funded and facilitated in social and environmental outcomes[3] since 1 April 2023

97%

of our project finance power generation portfolio is from renewables projects

80%

reduction in combined Scope 1 and 2 greenhouse gas emissions against a 2015 baseline

1. Refer to page 43 for further detail on our sectoral pathways. 2. Refer to pages 23-24 for further detail. 3. Refer to page 20 for further detail.
4. Actual Performance Against our Large-scale commercial real estate Target up to end 2022.

● >10% above pathway ● <=10% above pathway ● On or below pathway

Management commentary
(no financial statements)

ANZ CLIMATE APPROACH
PROGRESS TOWARDS NET ZERO

STARTING EARLY

2015

Issued first Green Bond, certified by the Climate Bonds Initiative

Committed to funding and facilitating at least $10 billion by 2020 in low carbon and sustainable solutions

2018

Set a target to encourage and support 100 of our largest emitting business customers to develop or strengthen their transition plans

2019

Committed to funding and facilitating at least $50 billion by 2025 towards sustainable solutions

SCALING UP

2021

First Australian bank to join the Net-Zero Banking Alliance (NZBA)

Set sectoral pathways targets for:

- Large-scale commercial real estate in Australia
- Global power generation

2022

Announced new $100 billion social and environmental sustainability target to improve social and environmental outcomes for our customers

Set sectoral pathway targets:

- Oil and gas
- Cement
- Aluminium
- Steel

Joined the Taskforce on Nature-related Financial Disclosures (TNFD) Forum to support its work

ENHANCED CUSTOMER ENGAGEMENT

2023

Adopted Climate Change Risk Assessment online tool to support bankers to engage with customers on climate risk

Set sectoral pathway targets:

- Thermal coal
- Transport (Aviation, Auto manufacturing, Shipping)
- Large Institutional Agribusiness Customers data coverage target
- Residential home loans baseline

2024

New phase of our Large Emitters Engagement Program (LEEP), including focused engagement and raised expectations on our 100 largest emitting business customers

FROM AMBITION TO ACTION

2025

Enhanced customer engagement through LEEP, including additional sectoral pathways customers

2030

Aim to achieve targets for key sectoral pathways:

- Thermal coal
- Transport (Aviation, Auto Manufacturing, Shipping)
- Cement
- Large-scale commercial real estate
- Aluminium
- Oil and gas
- Power generation
- Large Institutional Agribusiness Customers data coverage target
- Residential home loans baseline

Management commentary
(no financial statements)

GOVERNANCE

Board and Executive oversight

The ANZ Group Holdings Limited Board (Board) is responsible for oversight of the Group and its overall governance and performance, with specific duties as set out in its charter available at anz.com/corporategovernance.

The Board, with the support of the Board Committees, is also responsible for oversight of ANZ's governance framework. The framework seeks to provide for effective and responsible decision making, assisting ANZ in delivering on its strategy and purpose.

There are six principal Board Committees: the Ethics, Environment, Social and Governance (EESG) Committee; the Audit Committee; the Risk Committee; the Human Resources Committee; the Digital Business and Technology Committee; and the Nomination and Board Operations Committee. Each Committee has its own charter setting out its roles and responsibilities.

At management level, the Group Executive Committee comprises ANZ's most senior executives. A delegations of authority framework outlines matters delegated to our Chief Executive Officer (CEO) and other members of senior management. In addition, a number of formally established management committees deal with particular ongoing issues.

Our ESG approach, including how we manage our climate-related risks and opportunities, is primarily overseen by the Board and management through our Board EESG Committee and management Ethics and Responsible Business Committee (ERBC). Governance and oversight of risk management is the focus of committees and forums across the bank. See chart for our governance structure relevant to the oversight of climate-related risks and opportunities.

OUR GOVERNANCE FOR OVERSIGHT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

ANZ GROUP HOLDINGS LIMITED BOARD

KEY BOARD COMMITTEES

- Board Ethics, Environment, Social and Governance Committee (EESG)
- Board Risk Committee
- Board Human Resources Committee

KEY MANAGEMENT COMMITTEES AND FORUMS

Ethics and Responsible Business Committee (ERBC)

Climate Advisory Forum (CAF)

KEY MANAGEMENT ROLES

Group Executive, Institutional – drives execution of the Group's Environmental Sustainability Strategy, including engagement and opportunities with our largest customers.

Chief Risk Officer – responsible for the Group's Risk Management Framework, including the ownership of risk strategies, policies and procedures supporting the management of climate-related risks.

Group General Manager, ESG – leads the Group ESG Team[1] which guides and informs the Group's response to ESG issues and related market disclosures.

KEY SUPPORT TEAMS

ESG Governance Team – supports effective identification and management of the Group's ESG risks and opportunities through our senior executive and Board decision making processes and structures.

ESG Disclosures and Reporting Team – delivers the Group's ESG disclosures, reporting, market briefings and oversight of forthcoming reporting standards, practices and frameworks.

ESG Analytics and Advisory Team – provides "subject matter expertise" advice on social and environmental issues affecting our business lending decisions, such as public policy, regulation, emerging community standards and expectations, and managing the development of climate-related metrics and targets.

Social and Environmental Risk Management Team – provides risk oversight over the Social and Environmental Risk Policy and associated requirements and supports the delivery of workstreams to improve the Group's management of social and environmental impacts, including climate-related risks and opportunities.

Institutional Strategic Planning and Execution Team – supports our customer engagement program and the CAF.

1. Group ESG Team includes key support teams: ESG Governance Team, ESG Disclosures and Reporting Team and ESG Analytics and Advisory Team.

TCFD

Board and Board Committees

ANZ's Board

The Board is responsible to shareholders for the governance of the Group and oversees its operations and financial performance.

The role of the Board is to promote the long-term interests of ANZ. To fulfil its role, the Board sets and monitors the long-term implementation of ANZ's strategies and financial objectives. The Board has a specific responsibility to oversee and assess management's performance in achieving strategies and budgets approved by the Board and in monitoring and managing risk across ANZ.

ANZ's strategy is to improve the financial wellbeing and sustainability of our customers. We are focused on integrating our purpose and ESG approach into our business strategy.

Through our purpose – we have elevated three areas facing significant societal challenges aligned with our strategy and reach, including supporting households, business and financial practices that improve Environmental Sustainability. The other two focus areas, Financial Wellbeing and Housing, are covered in detail in our ESG Supplement available at anz.com/esgreport.

Our purpose provides the context in which we make decisions and consider our overall strategy.

Further, specific updates on our Environmental Sustainability Strategy including the Group's environmental priorities and related targets are presented periodically to the Board.

Board Ethics, Environment, Social and Governance (EESG) Committee

The Board EESG Committee, chaired by ANZ's Chairman, is responsible for assisting the Board by providing oversight of measures to advance ANZ's purpose, focusing on ethical and ESG matters.

In undertaking this role, the Board EESG Committee is responsible for oversight, review and approval of ANZ's ESG approach, objectives and performance, including climate-related targets.

The Board EESG Committee generally meets at least four times annually, meeting five times in 2023. Meetings typically open with an overview of the ESG operating environment, covering current and emerging issues, including regulatory and parliamentary inquiries, community sentiment, relevant international developments and our stakeholder engagement.

The Board EESG Committee also reviews ERBC meeting minutes and discusses material matters referred to the Committee from that body. The charter of the Board EESG Committee is available at anz.com/corporategovernance.

Board Risk Committee

The Board Risk Committee (BRC) oversees the implementation and operation of the Group's Risk Management Framework, including new and emerging risks, such as risks which are climate-related. Climate is covered from time to time at the BRC, for example as part of the Chief Risk Officer's report, via sector reports and updates to ANZ's Risk Management Strategy.

The BRC meets at least four times annually, meeting eight times in 2023. The charter of the Board Risk Committee is available at anz.com/corporategovernance.

Board Human Resources Committee

The Human Resources (HR) Committee supports the Board on remuneration and other HR matters. It reviews the remuneration policies and practices of the Group, and monitors market practice and regulatory and compliance requirements in Australia and overseas.

The HR Committee has a strong focus on the relationship between business performance, risk management and remuneration, aligned with our business strategy.

A concurrent meeting of the HR, Risk and Audit Committees was held to review 2023 performance and variable remuneration recommendations at both the Group (i.e. assessment of the ANZ Group Performance Framework which included sustainability-related objectives), CEO and Disclosed Executive level. Refer to our Remuneration Report within our Annual Report available at anz.com/annualreport.

Board skills

The ANZ Board Skills Matrix, as set out in the 2023 Corporate Governance Statement, which is available at anz.com/corporategovernance, outlines the key skills and experience the ANZ Board is looking to achieve in its membership and the number of Directors with each skill/experience. Included in the skills matrix is Sustainability.

Our Directors collectively bring a broad range of skills, and current and prior experience which includes having held roles across sectors such as infrastructure, energy, mining, banking and agriculture. For further details on the experience of our Directors refer to anz.com/annualreport.

In addition to having individuals on the Board with a variety of technical skills and experiences, the Board seeks to ensure that the Directors operate as a team. The Board is focused on the long-term success of the Group. Each Director has an individual perspective which facilitates respectful and constructive challenge of management and each other and allows for robust debate that may be required when navigating complex issues.

The Skills Matrix is reviewed by the Nomination and Board Operations Committee on a regular basis.

Management Committees and Forums

Ethics and Responsible Business Committee (ERBC)

The ERBC, chaired by the CEO, comprises Senior Executives and members from business divisions and Group functions.

The ERBC is a leadership and decision-making body that exists to advance ANZ's purpose and seeks to ensure that ANZ operates responsibly and achieves fair, ethical and balanced stakeholder outcomes. The ERBC approves relevant ANZ policies, such as those policies identified in ANZ's Climate Change Commitment. The ERBC provides leadership on our ESG risks and opportunities, monitoring progress (quarterly) against ANZ's ESG targets which include those related to climate change.

The ERBC considers the social and environmental impacts of the industries, customers and communities ANZ serves. The ERBC is responsible for overseeing the ERBC Sub-Committee for sensitive wholesale transactions.

TCFD

The ERBC is accountable to the Board EESG Committee in the effective discharge of its responsibilities. It operationalises Board objectives and makes decisions on issues and policies.

The ERBC meets at least four times annually, meeting five times in 2023.

Climate Advisory Forum

Our Climate Advisory Forum (CAF), chaired by our Group Executive Institutional, includes our Group Chief Risk Officer, Group General Manager ESG and other executives.

The CAF oversees implementation of ANZ's Climate Change Commitment – ensuring coordination between the various workstreams including our Environmental Sustainability (ES) Strategy and our sectoral pathways.

The CAF meets approximately monthly with the agenda structured to cover ES focus areas on a regular and timely basis. ES focus areas for the forum were established in October 2022. Some of the key ES focus areas discussed with the forum this year included: capturing and managing ES-related data, rolling out ES education, considering nature and biodiversity, our customer engagement program, sectoral pathways progress and enhancing transparent reporting and disclosures. Actions and decisions are captured and progress of the ES focus areas are tracked. The CAF met nine times in 2023.

Other management committees

Other management committees play a role in the management of risks, including risks which are climate-related, such as the following:

- **Operational Risk Executive Committee (OREC)** is the primary senior executive management forum responsible for overseeing Operational Risk and Compliance Risk, risk profile, and the related Control Environment across the Group; and
- **Credit and Markets 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 Group.

OREC and CMRC have responsibility for the overview of ANZ's management of new and emerging risks within their respective risk areas, which may include risks that are climate-related. This year, OREC and CMRC met eight and ten times respectively.

Activities undertaken by the ERBC will at times overlap, and inform, topics raised in OREC and CMRC as part of the executive oversight and risk management required to deliver on ANZ's purpose and strategy.

Stakeholder engagement

We run a regular program of CEO and Senior Executive meetings with civil society leaders including environmental non-governmental organisations, regulators and academics.

Further, our Group Chief Risk Officer and Group General Manager ESG visited Europe and the United Kingdom and met with around 20 financial institutions, regulators, corporate customers, and the Chair of the Taskforce for Nature-Related Financial Disclosures (TNFD) to obtain global insights into climate and biodiversity challenges and opportunities.

Areas of focus by the Board EESG Committee and management ERBC

Both Committees discuss the areas of **'how we bank'** and **'who we bank'**. Environmental Sustainability is one of ANZ's three ESG focus areas that is fundamental to our business and strategy. Climate is a standing item on both the Board EESG Committee and ERBC's agenda.

The climate paper is usually presented to the Committees by the Group Chief Risk Officer, Group Executive Institutional and Group General Manager ESG.

Based on allocated agenda time, this year these Committees jointly dedicated approximately 25 per cent of their time to climate-related topics. This included reviewing and approving our approach to climate-related objectives and targets.

This year the Committees have considered topics such as biodiversity, ANZ's carbon offsetting strategy and ANZ's customer engagement program with our largest emitting business customers, including receiving briefings from internal and external subject matter experts. These briefings and meetings provide opportunities to support knowledge building and capability in areas such as climate and biodiversity.

TCFD

Climate-related sectoral pathways and ESG targets

Climate-related targets, within our suite of ESG targets (disclosed on pages 81-84, with the full ESG target suite available in our ESG Supplement at anz.com/esgreport), are developed under the guidance of the CAF, informed by the ESG Governance and ESG Analytics and Advisory teams in close consultation with relevant business units.

Our sectoral pathways (disclosed on pages 49-77) are developed by our ESG Analytics and Advisory team, working closely with the relevant business units and risk teams.

Proposed targets are reviewed by the Board EESG Committee and the ERBC and are ultimately approved by the Board EESG Committee. Progress of the ESG targets is monitored twice a year by the Board EESG Committee and quarterly by the ERBC, and an annual review is conducted to ensure targets remain relevant.

Our sectoral pathways are reviewed annually, in alignment with the frequency with which data (for example emissions data) is reported by our customers.

Biodiversity

Biodiversity has been considered by the Board EESG Committee and management ERBC as part of their responsibility to provide leadership to advance ANZ's purpose, involving consideration of certain social and environmental impacts. Recognising a need to build our understanding of, and capability in, emerging risks and opportunities to inform our direction – this year the Board EESG Committee and management ERBC received updates on biodiversity, including a progress update on the TNFD.

This year we have sought to draw on the TNFD framework in our disclosures. Refer to pages 25-29 for steps we are taking.

Enhanced due diligence for energy sector customers (including oil and gas)

We continue to apply an enhanced due diligence and decision-making process for relevant customers and transactions in the energy sector, including oil and gas companies.

Material energy transactions (material transactions) undergo additional screening. Material transactions in this context include those likely to have a significant impact on the size or carbon intensity of our energy sector portfolio or represent heightened reputational risk.

Material transactions are referred to senior subject matter experts for review having regard to ANZ's Climate Change Commitment prior to proceeding. In this respect, the process involves an evaluation of customer transition plans using the criteria we apply in our engagement with our largest emitting business customers, outlined on page 24 of this report.

Where a customer or transaction does not meet our expectations (including those set out in our Climate Change Commitment), then we may decline lending.

In some instances, for example, where our initial assessment indicates the customer's transition plans are not yet well developed or if there are heightened reputation risks, senior subject matter experts escalate these transactions to three of our senior executives for decision on whether ANZ will support them. These senior executives are primarily the ones responsible for monitoring our climate progress – they are our Group Executive Institutional, Group Chief Risk Officer and Group General Manager ESG.

As part of this process our ethical decision-making principles are applied, including considering if the transaction will advance ANZ's strategic and commercial interests.

In 2023, 22 transactions were escalated to the senior executives with three declined and 19 approved or conditionally approved.

The rationale for each decision relating to the escalated transactions is provided to the ERBC for oversight and information.

Refer to page 39 for further details on other polices and tools in place relevant to considering ANZ's approach to doing business, having regard to ANZ's Climate Change Commitment.

Executive remuneration

ANZ's Remuneration Report within our Annual Report, available at anz.com/annualreport, details how remuneration outcomes are determined for our most senior employees. In general, remuneration outcomes for the CEO and Disclosed Executives take into consideration performance against ANZ's Group Performance Framework – which includes sustainability objectives and measures. For example the 2023 Group Performance Framework includes:

- Making meaningful progress on environmental sustainability strategies (e.g. fund and facilitate at least $100 billion by end 2030).

Individual/Divisional performance scorecards also include sustainability measures as relevant to the particular business. It is important to note that Group/Division performance objectives are not designed to capture all of our ESG targets – however our senior leaders are accountable for ensuring we focus and achieve ANZ's Climate Change Commitment and policies, with regular review and oversight by the ERBC.

TCFD

STRATEGY

Our purpose is to shape a world where people and communities thrive. It explains 'why' we exist and drives everything we do at ANZ, including the choices we make each day about those we serve and how we operate.

We bring our purpose to life through our strategy; to improve the financial wellbeing and sustainability of customers through excellent services, tools and insights that engage and retain them, and help positively change their behaviour.

Through our purpose we have elevated three areas facing significant societal challenges aligned with our strategy and our reach:

- Improving the financial wellbeing of our people, customers and communities by helping them make the most of their money throughout their lives;
- Supporting household, business and financial practices that improve environmental sustainability; and
- Improving the availability of suitable and affordable housing options for all Australians and New Zealanders.

Integrating our ESG approach into our strategy has created an opportunity for us to better serve our customers and generate long-term shareholder value.

This report describes our progress towards implementing our Climate Change Commitment and Environmental Sustainability Strategy.

Our purpose	TO SHAPE A WORLD WHERE PEOPLE AND COMMUNITIES THRIVE
Our strategy	To improve the **financial wellbeing** and **sustainability** of customers
Who we serve	Help people save for, buy and own a sustainable, liveable and affordable home Help people start or buy and sustainably grow their business Help companies move capital and goods around the region and sustainably grow their business
We will achieve our strategy through	**Propositions** our customers love… with easy-to-use services that evolve to meet their changing needs Flexible and resilient banking **platforms**… powering our customers and made available for others to power the industry **Partnerships** that unlock new value… with ecosystems that help customers further improve their financial wellbeing and sustainability Purpose and values-led **people**… who drive value by caring about our customers and the outcomes we create
ESG focus areas	Financial wellbeing; Environmental sustainability; Housing; Customer experience; Information security; Ethics, conduct and culture

TCFD

Our Climate Change Commitment

To meet the Paris Agreement goals, significant greenhouse gas emission reductions are required across all sectors of the economy. Trillions of dollars are needed to invest in new and existing technologies for clean energy and transport, sustainable food production and resilient infrastructure.[1]

Our Climate Change Commitment provides the framework to achieve our strategy of transitioning our lending in line with the goals of the Paris Agreement. We joined the Net-Zero Banking Alliance (NZBA) in 2021, reflecting that commitment and setting pathways[2] to support customers' emissions reductions.

Our Environmental Sustainability Strategy identifies focus areas, technologies and financing opportunities to help achieve our climate ambition.

The most important role we can play in the transition to net zero is to support our customers reduce emissions and enhance their resilience to a changing climate. We support an orderly transition that recognises and responds to social impacts. This aligns with our purpose to shape a world where people and communities thrive. Supporting household, business and financial practices that improve environmental sustainability is a key part of our purpose.

The following sections identify opportunities and report on progress against our key focus areas relating to our climate ambition.

Our full Climate Change Commitment is available here.

1. The economic transformation: What would change in the net-zero transition, McKinsey & Company, January 2022. 2. Our sectoral pathways are how we are, over time, steering up to nine of our highest emitting sectors in our lending portfolio towards the Paris Agreement goals as part of our commitment to the NZBA.

ANZ'S CLIMATE AMBITION

To be the leading Australia- and New Zealand-based bank in supporting customers to transition to net zero by 2050

The opportunity

The pathway to net zero emissions presents significant financing opportunities. ANZ has an opportunity to assist customers as they invest in new capabilities, technologies, and assets, provide lower emissions energy and power, nature positive solutions, or adapt to a less carbon intensive economy.

Our climate change commitment

Provides the framework to achieve our strategy of transitioning our lending in line with goals of the Paris Agreement.

Our key focus areas to achieve our net zero ambition

- Support our customers to transition
- Transition our lending in line with the goals of the Paris Agreement
- Engage constructively and transparently with stakeholders
- Reduce emissions from our operations

FACILITATED BY...

Our Environmental Sustainability Strategy	Our risk management approach	Our 'sensitive sector' Requirements
Industry and product expertise	Progressively deepening our staff's understanding of climate risks and opportunities	Developing the right internal culture and mindset
Targets and pathways	Customer engagement	Strategic partnerships

TCFD

SUPPORTING OUR CUSTOMERS TO TRANSITION

ANZ has chosen some key focus areas as part of our Environmental Sustainability Strategy:

1. Supporting sustainable resource extraction in areas such as iron ore, lithium, nickel, cobalt, rare earths, copper and bauxite. **2.** Supporting basic materials production including green steel and low-carbon aluminium production. **3.** Supporting new technology projects focused on upstream hydrogen and carbon capture use and storage.

ANZ has an opportunity to assist customers as they invest in new capabilities, technologies and assets, provide lower emissions energy and power, nature positive solutions, or adapt to a less carbon intensive economy. Examples of how we are directing our finance into key focus areas this year include:

ANZ acted as a Mandated Lead Arranger in the US$1 billion syndicated debt facilities for **Talison Lithium Pty Ltd's** Greenbushes lithium mine, located in Western Australia, in October 2022. Lithium is a critical ingredient for electric vehicle batteries and other battery storage solutions.

ANZ acted as Joint Sustainability Coordinator, Mandated Lead Arranger, Underwriter, Bookrunner, and Facility Agent for a $340 million and US$75 million syndicated sustainability-linked loan in February 2023 for a subsidiary of **Frasers Property Limited**, a Singapore headquartered multinational real estate company across five asset classes: commercial & business parks, hospitality, industrial & logistics, residential and retail. The sustainability-linked loan incorporates absolute greenhouse gas emissions reduction targets across Scopes 1, 2 and 3 emissions.

Van Lier Nurseries is a family-owned business in West Auckland, growing flowers and indoor plants in large glasshouses. In 2023 ANZ Bank New Zealand , through the Business Green Loan and along with other external finance providers, supported Van Lier's investment in a low carbon alternative to heating by replacing the gas heating system with an electric heat pump system. The customer expects that this will reduce emissions and operating costs for their business.

TCFD

In June 2023 ANZ supported the **Western Australian Treasury Corporation** with the issuance of its first green bond, a $1.9 billion ten-year transaction. The terms provide that the proceeds of the green bond will be used to fund eligible projects including: the expansion of the electrified public transport rail network, an increase in renewable energy generation (as part of the Western Australian Government's commitment to cease State owned coal-fired electricity generation by 2030), and delivery of a renewable-powered desalination plant.

Eligible projects are governed by the issuer's Sustainability Bond Framework which supports the Western Australian Government's commitment to delivering its environmental and social objectives. ANZ acted as Joint Lead Manager and Joint Sustainability Bond Coordinator.

Tilt Renewables, one of Australia's largest renewable energy generator, refinanced and increased their syndicated debt facility to $2.6 billion. The refinancing included the accession of Coopers Gap Wind Farm into the Tilt Renewables portfolio. Coopers Gap Wind Farm has 123 turbines and is one of the largest operational wind farms in Australia with a nameplate capacity of 453MW. ANZ acted as a Joint Mandated Lead Arranger.

ANZ provided a $40 million secured loan facility to a subsidiary of listed transport provider and tourism operator, the **Kelsian Group Limited** in August 2023 for the procurement of zero emission electric buses. The buses support Kelsian's contribution to NSW's zero emissions bus commitment, which is expected to see the public bus network for Greater Sydney fully transitioned by 2035 and outer metropolitan regions by 2040.

SUPPORTING OUR CUSTOMERS TO SHIFT TO LOW CARBON BUSINESS MODELS AND OPERATIONS

ANZ is supporting our customers' transition to net zero and nature positive outcomes, including through the following labelled and other financing products and services:

Our Institutional **Sustainable Finance** team is helping our customers by encouraging them to identify climate and nature-related risks (including biodiversity loss) and opportunities. The team is financing and facilitating the deployment of capital into green, social and sustainability initiatives, for example where borrowers are required to use the proceeds of a loan to invest in eligible green and/or social assets

Refer to page 16

We are supporting our Commercial customers to invest in improvements in their energy efficiency through our Energy Efficient Asset Finance Program provided jointly with the **Clean Energy Finance Corporation (CEFC)**

Refer to page 18

Our New Zealand business is supporting smaller **business and retail customers** to implement sustainable initiatives

Refer to page 19

We also support our customers' sustainability ambitions through unlabelled financing products and services, such as relationship lending, project and export finance, asset finance, loan syndication, advisory and markets solutions

Refer to page 17

Our **Environmental Markets** team is building capability to help customers by facilitating access to the carbon credit ecosystem, connecting demand, supply and trading of carbon credits

Refer to page 18

TCFD

FINANCING SUSTAINABILITY

Sustainable Finance

ANZ's Sustainable Finance team in Institutional is helping our customers by: encouraging them to identify climate and nature-related risks (including biodiversity loss) and opportunities, and financing their transition plans and sustainability strategies.

Customer demand for labelled sustainable finance[1] products and services remained sound this year. Our customers continue to seek labelled sustainable finance which aligns with their sustainability objectives as they shift to low-carbon business models and direct capital into measures aimed at responding to environmental and social issues. Nevertheless, sustainable finance has not been immune to the slowing of the global economy as central banks raised interest rates.

As the sustainable finance market evolves and the market's initial focus on climate broadens to encompass other themes, there is further development in financing formats. Following the establishment of the Orange Bond Principles, ANZ led the market's inaugural, orange-labelled bond aimed to mobilise gender-lens investing,[2] evidencing the continued innovation in the sustainable finance market.

During 2023

We participated in 111 sustainable finance deals with a total deal size of $144 billion,[3] compared to 127 deals with a total deal size of $155 billion in 2022:

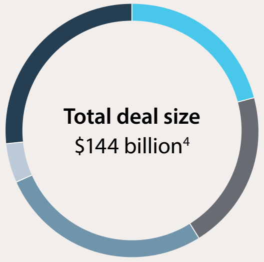
$112 B (53 deals) from **International**

+

$22 B (35 deals) from **Australia**

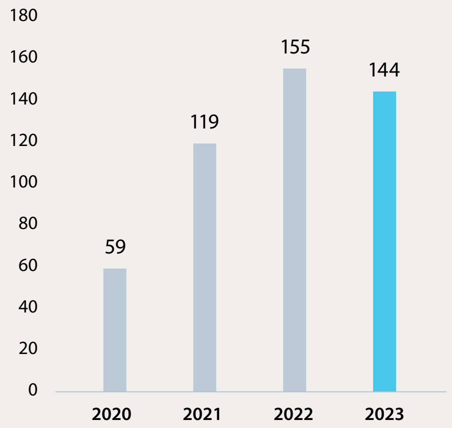
+

$10 B (23 deals) from **New Zealand**



- **$30 billion** (25 deals) from Diversified Industries
- **$29 billion** (11 deals) from Food, Beverages and Agriculture
- **$39 billion** (38 deals) from Financial Institutions Group
- **$7 billion** (16 deals) from Property and Health
- **$38 billion** (21 deals) from Resources, Energy and Infrastructure

Sustainable finance total deal size over time ($b)



1. Labelled sustainable finance is existing banking products with a specific sustainability related label. 2. Refer to the Orange Bond Principles for further information. 3. Of the 111 sustainable finance deals we participated in, $7.9 billion was attributed to ANZ via our distribution capability, and $8.2 billion via on-balance sheet loans and other credit lines. 4. Numbers do not add to $144 billion due to rounding.

TCFD

We are focused on continuing to identify opportunities to support our customers' path to net zero emissions and enhance their resilience to a changing climate. Some examples of labelled products we provide include:

Green, Social and Sustainability Loans

Lending to deploy capital into green, social and sustainability initiatives, where borrowers are required to use the proceeds of the loan to invest in qualifying green and/or social assets.

HIGHLIGHT

SK Battery America Incorporated

In June 2023, ANZ participated in a US$280 million syndicated green loan for SK Battery America Inc. Proceeds of the loan will be used for refinancing and capital expenditure for the borrower's electric vehicle battery plant. The borrower is part of South Korean group SK On, which is focused on manufacturing electric vehicle batteries, energy storage systems and battery-as-a-service capacity. ANZ acted as Sole Mandated Lead Arranger and Bookrunner, Green Structuring Advisor and Administrative Agent.

Sustainability-Linked Loans

Lending which incentivises the borrower's achievement of ambitious, predetermined sustainability-related performance targets.

HIGHLIGHT

Wellington International Airport Limited

Wellington International Airport Limited ("WIAL") announced the successful conversion of NZ$100 million of existing bank facilities into sustainability-linked loans in March 2023, creating direct financial incentives by aligning lower interest rates with meeting agreed sustainability targets. This is the first step in WIAL's sustainable finance journey, and one of the first sustainability-linked loans for the airport sector in New Zealand. ANZ acted as lender and Sustainability Coordinator.

HIGHLIGHT

KMD Brands Limited

KMD Group refinanced its syndicated debt facilities into NZ$310 million equivalent sustainability-linked facilities, including guarantee lines in May 2023. The facilities featured updated sustainability targets of the KMD Group including reducing greenhouse gas emissions, continued B Corp certification, and improving transparency within its supply chain. ANZ acted as Sole Sustainability Coordinator, Sole Mandated Lead Arranger & Bookrunner, Facility Agent, and Security Trustee.

ESG-format bonds

Distribution of capital into green, social and sustainability initiatives, e.g. green buildings, renewable energy or where bond terms are linked to improved performance against predetermined sustainability performance targets.

HIGHLIGHT

Meridian

In March 2023, ANZ acted as Sole Green Bond Coordinator, Joint Arranger and Joint Lead Manager for Meridian's inaugural NZ$200m green bond issue. The proceeds of the bond will be allocated to finance or refinance sustainable projects and assets such as new or existing renewable energy projects or assets.

HIGHLIGHT

Impact Investment Exchange IIX

In December 2022, ANZ led the inaugural US$50 million four-year Women's Livelihood Bond for Impact Investment Exchange (IIX), the world's first sustainable debt issued under the Orange Bond Principles which aims to mobilise gender-lens investing under an orange-labelled asset class.

The structure securitises a portfolio of loans to enterprises that are deemed to have a positive impact on women's livelihood and may not have access to international capital markets. The Bond's proceeds are intended to support approximately 280,000-300,000 women across Asia and Africa to transition to more sustainable, climate-resilient livelihoods.

The Women's Livelihood Bond Series leverages innovative financial instruments to advance gender equality at scale. ANZ has been involved in all five bond issuances totalling more than US$120 million.

TCFD

Supporting customers' sustainability ambitions

We also support our customers' sustainability ambitions through unlabelled financing products and services.

'Unlabelled' refers to our existing banking products and services where no specific sustainability related label is applied. In our Institutional business, some examples of ways in which we support our customers are: providing relationship or structured lending or other banking solutions to customers to finance or facilitate things like green buildings, renewable energy, energy efficiency, or sustainable infrastructure.

Recent examples of unlabelled transactions include:

HIGHLIGHT

CIMIC Group Limited

In March 2023, ANZ acted as joint mandated lead arranger in the construction financing for the Glenrowan Solar Farm – the first renewables project sponsored by Pacific Partnerships, a subsidiary of CIMIC Group Limited.

The solar farm is located in the township of Glenrowan in Victoria's Central North Renewable Energy Zone. The project has a long-term, 10-year power purchase agreement with the Victorian Government, which will assist the State in achieving its legislated renewable energy targets of 40 per cent by 2025 and 50 per cent by 2030.

Supporting transactions like this aligns with our Environmental Sustainability Strategy and contributes towards our $100 billion social and environmental sustainability target.

HIGHLIGHT

Schroders Greencoat LLP

ANZ acted as Sole Arranger and lender for Greencoat UK Wind PLC, a renewable infrastructure fund invested in UK wind farms, managed by Schroders Greencoat LLP, with a structured financing solution of GBP 150 million 3 and 5-year term facilities and associated interest rate hedging.

As at August 2023 Greencoat UK Wind's portfolio comprises interests in approximately 48 operating wind farms located across England, Scotland, Northern Ireland and Wales. The company provides investors with the opportunity to participate directly in the UK's energy transition across a diversified operational portfolio.

HIGHLIGHT

Longroad Energy Holdings LLC

In December 2022, ANZ acted as Joint Lead Arranger in a US$680 million Clubbed Financing Package for the development of Longroad Energy's, 215MW Solar PV and 215MW Battery Storage Project located in Arizona, United States of America.

Longroad Energy is a U.S based renewable energy company and majority owned by ANZ customers Infratil and NZ Super. The group is focused on development, ownership, and management of wind, solar and storage projects throughout North America, with over 4GW of renewable capacity developed and acquired since inception.

Environmental Markets

There is increasing demand for carbon credits to help mitigate hard-to-abate emissions. Concurrently, there is an increasing demand from customers for guidance navigating emerging issues, such as nature, including biodiversity.

ANZ acknowledges the pivotal role banks can serve in these markets. Responding to this, in mid 2022, ANZ introduced the Environmental Markets line of business – a joint initiative between our Corporate Finance and Markets businesses.

Presently, the Environmental Markets team is building our capability to support customers, with an emphasis on carbon markets.

The Environmental Markets team is working to help relevant stakeholders bring high quality carbon credits to market and streamline carbon trading. The team is also supporting customers to devise innovative carbon credit acquisition strategies. Drawing upon ANZ's broad expertise, the team is collaborating with conventional product sectors, such as Loans, Trade and Markets, as well as Corporate Advisory, Digital Assets and ANZ's own equity investment capabilities.

Our partner Pollination worked in close collaboration with our Environmental Markets team in providing advice and support on the end-to-end business development opportunity across environmental markets, carbon credits and nature-based projects. The work also included delivering a series of internal training sessions for Institutional staff on nature, environmental markets, and carbon credits.

HIGHLIGHT

Grollo

This year the Environmental Markets team partnered with Grollo Carbon Ventures (GCV) to successfully trade tokenised Australian Carbon Credit Units (ACCUs).[1] The transaction was concluded in collaboration with ANZ's Digital Assets Services team as part of the Central Bank Digital Currency pilot run by the Reserve Bank of Australia and the Digital Finance Cooperative Research Centre. As part of the transaction, ANZ tokenised existing ACCUs and issued its stablecoin, A$DC, enabling GCV to purchase tokenised ACCUs with settlement occurring in near real-time via ANZ smart contracts on a public, permissionless blockchain.

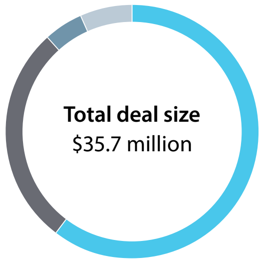
ANZ/Clean Energy Finance Corporation (CEFC) Energy Efficient Asset Finance Program

For over five years ANZ has been working with the CEFC to support Australian businesses to invest in emission reducing infrastructure that will be resilient to a changing climate. Under the program, ANZ and the CEFC each contribute 0.25 per cent towards a 0.5 per cent interest rate discount to eligible customers for loans up to $5 million to invest in a broad range of activities or assets that meet the program criteria, for example renewable energy to energy efficient and precision agricultural equipment, recycling technologies and electric vehicles.

The program enables customers to use discounted clean energy finance to reduce their costs at the same time as meeting community expectations around improving sustainability.

Since its launch in 2017, this program has helped finance more than $279 million of investment in 1,240 clean energy technology deals for our Commercial and Agribusiness customers.

2023: 216 deals, $35.7M volume



$21.6 million EV/PHEV deals
$10.0 million Energy efficiency deals
$1.8 million Solar deals
$2.3 million Recycling deals

HIGHLIGHT

Tandy Group

Tandy Group is a customer involved in a diverse range of operations including concrete manufacturing, transport and the supply of potable water in Queensland. The Group has benefitted from a loan under the ANZ/CEFC loan discount program, which enabled them to upgrade equipment at their aggregate concrete crushing site to both improve productivity and reduce fuel consumption from 2.5 litres to 0.7 litres per tonne.

"Sustainability can generate a profit by doing the right things with the environment and with your people." Tandy Group's Chief Executive Officer Mitchell Flor said. "Sustainability also drives innovation, and innovation is one of the keys to sustainability."

1. Australian Carbon Credit Units (ACCUs) are issued by the Australian Government's Clean Energy Regulator to projects compliant with approved methodologies for emissions avoidance, reduction or removal.

Smaller Business and Retail Products (New Zealand)

ANZ Bank New Zealand Limited (ANZ Bank New Zealand) has seen growth in the number of New Zealand customers using business and retail lending products to reduce their carbon footprint and improve their home's health and energy efficiency:

- Our **Good Energy Home Loan** top up is available to existing eligible[1] home loan customers to upgrade their homes with solar panels, heating and insulation, double glazing, ventilation systems or rainwater tanks. It can also be used for electric and hybrid vehicles, electric bikes, and electric vehicle chargers. It allows customers to borrow up to NZ$80,000 at a 3-year fixed interest rate of 1 per cent per annum.
- Our **Healthy Home Loan Package** offers interest rate discounts and fee savings for eligible[2] customers who are buying, building, renovating or already own a home with a 6 Homestar rating or higher.

  Across the two products since October 2020, 8,091 households drew down the loans, for an aggregate amount of NZ$372.7 million.[3]
- Our **Business Green Loan** is available for eligible[4] business customers to finance (or refinance) renewable energy initiatives, green buildings, native planting or sustainable land and water use to make a positive environmental impact. Launched in late August 2022, eligible businesses are able to borrow up to NZ$3 million at a discounted rate. This year, we extended the Loan to include clean transportation and pollution prevention and control. In 2023, 96 Business and Agriculture customers accessed more than NZ$30.3 million to reduce emissions or improve sustainability.
- In July this year we also launched a new low-interest **ANZ Business Regrowth Loan** in New Zealand aimed at those in need of finance following extreme weather events. Customers can use the loan for recovery costs to help with repairing or replacing damaged assets and property, or to improve their business' resilience to future events. An initial NZ$250 million has been allocated and as at 30 September 2023, NZ$18.8 million had been lent to 98 eligible customers. Initially available for those impacted by the 2023 North Island weather events, the loan will be extended to support existing ANZ business and agriculture customers impacted by future climate-related events such as cyclones, flooding and droughts.

1. ANZ Good Energy Home Loan. **2.** ANZ Healthy Home Loan Package. **3.** Funds under management. **4.** ANZ Business Green Loan.

TCFD

New $100 billion social and environmental sustainability target

On 31 March 2023 ANZ concluded its $50 billion by 2025 sustainable solutions target. We had funded and facilitated close to $47.0 billion[1] across 387 transactions and were forecast to meet our $50 billion target well in advance of 2025. Refer to Appendix 6 on page 85 for details.

Therefore, on 1 April 2023 ANZ commenced a new social and environmental sustainability target to fund and facilitate at least $100 billion by the end of 2030 in social and environmental outcomes through customer activities and direct investments by ANZ. The target applies to the ANZ Group and includes initiatives that help lower carbon emissions, protect nature and biodiversity, increase access to affordable housing and promote financial wellbeing.

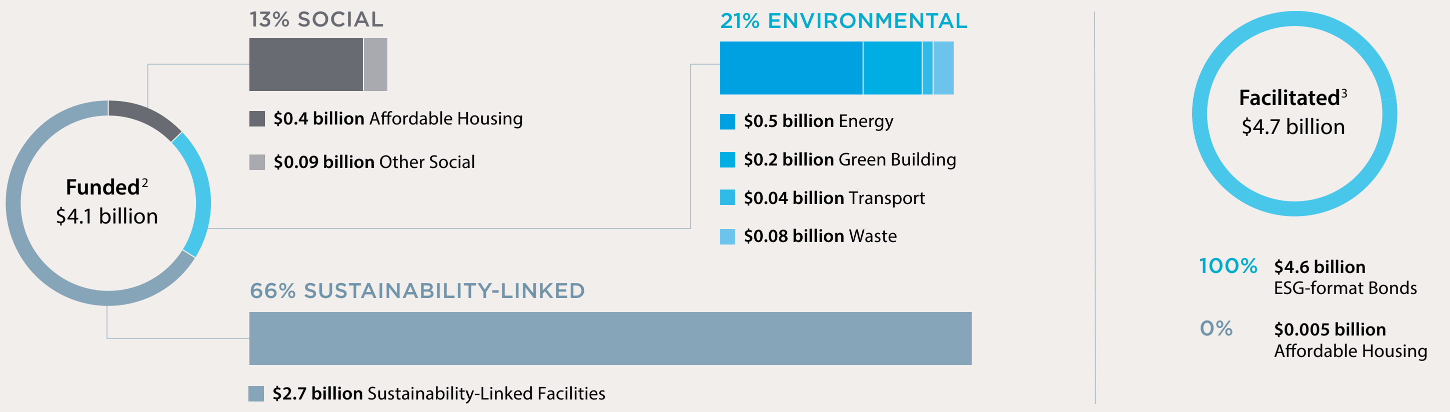
Under this target, we have funded and facilitated approximately $8.8 billion across 54 transactions. This includes green, social, sustainability and sustainability-linked loans and bonds, and energy and affordable housing transactions. Of these, $4.1 billion of transactions are on-balance sheet loans and other credit lines provided to borrowers by ANZ, while close to $4.7 billion has been facilitated – almost entirely through ESG-format bonds.

The majority of transactions included in the new social and environmental sustainability target to date were funding for sustainability-linked facilities, energy, affordable housing and green buildings (66%, 13%, 10% and 5% of funded transactions respectively) and facilitation of ESG-format bond issuances.

Since 2015, we have achieved $74.9 billion in sustainable funding and facilitation over three sustainability targets. ANZ achieved $19.13 billion on our $15 billion target, close to $47.0 billion on our $50 billion target and approximately $8.8 billion on our $100 billion target so far.

We include both customer transactions and direct investments by ANZ towards the $100 billion social and environmental sustainability target. Customer transactions can be either unlabelled social and environmental sustainability activities or labelled sustainable finance transactions that are aligned with any of the 17 United Nations Sustainable Development Goals (SDGs). This recognises the importance of supporting sustainability and increasing demand from customers across more SDGs including those covering social issues, nature and biodiversity. Our detailed Social and Environmental Sustainability Target Methodology is available at anz.com/esgreport.

Progress towards our $100b social and environmental sustainability target



HIGHLIGHT

ANZ's SDG bond program

ANZ Group Treasury's capital and funding strategy includes SDG bond issuance which support our ambition to finance our customers' green, social and sustainability initiatives. ANZ's SDG Bond Framework sets out a wide range of eligible loans that support specified use of proceeds in alignment to selected United Nations' SDGs. The ANZ SDG Bond Framework is in line with the International Capital Market Association (ICMA) Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines, at the time the framework was released.

An amount equal to the proceeds raised from the SDG bonds is used to finance or refinance a pool of ANZ loans and expenditures that promote the applicable SDGs. Since inception, the eligible asset pool has increased from $1.5 billion to $9.2 billion,[4] highlighting ANZ's ongoing effort to fund and facilitate lending aligned to the SDGs.

Since ANZ's inaugural SDG bond in February 2018, ANZ has issued five SDG Bonds totalling approximately $6.8 billion equivalent.

Consistent with our purpose, ANZ's intent is to issue SDG bonds as part of its capital and funding strategy, subject to market conditions. This is to satisfy investor demand and maintain access to a diverse investor base across global capital markets. access to global capital markets.

Refer to ANZ's SDG Bond Use of Proceeds and Impact Reports for further details, available on our Debt Investor website anz.com/debtinvestors/centre/green-sustainability-bonds/

1. This number is a restatement from our 2023 Half Year unaudited disclosures made on 5 May 2023 when the $50 billon target was closed after reaching $47.09 billion; the closing audited balance has since been confirmed as $46.99 billion. **2.** For more information on funded categories see ANZ's Social and Environmental Sustainability Target Methodology. Numbers do not add to $4.1 billion due to rounding. **3.** For more information on facilitated categories see ANZ's Social and Environmental Sustainability Target Methodology. Numbers do not add to $4.7 billion due to rounding. **4.** Eligible asset pool as at 31 March 2023.

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BUILDING CAPABILITY

Mindset 2030

We are putting programs in place to allow our employees to build their capabilities.

Launched in 2021, Mindset 2030 is offered as an optional program which provides employees access to a pathway and a central hub with learning opportunities. Its initial focus was on providing information on our Environmental Sustainability Strategy and ways in which we are helping our customers to shift to low carbon business models and operations. The information is supported by research and industry insights.

In 2023 we re-designed and updated the learning program to: 'ESG@ANZ – Mindset 2030' to cover broader ESG topics. The updated program comprises 10 learning modules, with seven released this year. More than 4,300 people have commenced the learning program, with more than 8,800 modules completed.

HIGHLIGHT

ESG@ANZ Mindset 2030 modules released this year:

- ANZ's Purpose, Strategy and Approach to ESG
- The 'E' in ESG – What Environmental Sustainability means at ANZ
- The 'S' in ESG – What Social means at ANZ
- The 'G' in ESG – What Governance means at ANZ
- Greenwashing
- ESG Governance and Risk Management
- Community and Customer Transition to Net Zero

In addition to the formal learning program, 25 speaker events have been held throughout 2023, focusing on topics such as biodiversity, carbon markets and climate.

We also provide other opportunities for staff to learn about ESG issues. Our ESG@ANZ Mindset 2030 insights hub provides information on ANZ's ESG approach, webinars, and links to our strategy and external resources. As part of ESG@ANZ, an ESG Executive Leadership Series is planned for early 2024 for our Executive Leadership team.

Supporting our bankers

We are also seeking to equip certain of our employees with a deeper understanding of climate-related risks and opportunities, focusing on our bankers in key priority sectors such as resources, energy and those who support our large agribusiness customers.

This year:

- We continued to seek to equip relevant staff with the skills and knowledge to undertake assessments of 100 of our largest emitting business customers' transition plans. The training outlines example case studies and provides guidance on how we engage with customers. See page 22 for further details on our engagement with our largest emitting business customers.
- We continued to educate relevant employees about our Social and Environmental Risk Policy ('the Policy') and accompanying Requirements for 'sensitive sectors'. Educating relevant employees on our policies and standards and how they are applied in practice is important for the effective management of the social and environmental risks associated with lending to our large business customers.[1] Our training focuses on the Policy, Requirements for sensitive sectors and our approach to human rights. This training is mandatory for new employees authorised to make credit decisions relating to large business customer transactions. See page 37 for further details on our Social and Environmental Risk Policy.
- Training sessions have been provided to bankers required to complete the newly digitised Climate Change Risk Assessment (CCRA). Training our bankers on the CCRA tool is critical to embedding it and driving effective customer engagement and analysis. Refer to page 39 for more information on our CCRA tool.
- Our Commercial agribusiness team developed a training module in conjunction with the Carbon Market Institute on carbon farming in Australia – which seeks to increase the understanding and awareness of the risks and opportunities involved with on-farm carbon projects. This training is available to all ANZ staff.
- We began building the capability of our Institutional frontline staff on nature including biodiversity which we consider critical to supporting their engagement with customers on managing biodiversity risks and opportunities. See page 27 for further details on how we are building the capabilities of our bankers on biodiversity.

1. Transactions involving our Institutional and Corporate customers.

Management commentary
(no financial statements)

ENGAGING WITH OUR LARGEST EMITTING BUSINESS CUSTOMERS

Customer engagement

We will begin a new phase of engagement with our largest emitting business customers in **2024**. Triggered in part by the Safeguard Mechanism[1] reforms in Australia (SGM), this new phase means upgrading and expanding the scope of our existing work through a new Large Emitters Engagement Program (LEEP). LEEP will see us:

- Focusing on our absolute 100 largest emitting business customers.[2] Our target is that by the end of 2025, compared with their starting point, more customers achieve a 'well developed' or 'advanced' rating for their low carbon transition plans.
- Upgrading our assessment of progress by applying a more challenging framework.
- Extending the use of our Climate Change Risk Assessment (CCRA) methodology to guide our bankers and assist their discussions with customers, so that by the end of 2024, it has been used to support our engagement with the 100 largest emitting business customers cohort.

Our engagement is focused on exploring ways in which our customers can improve their transition plans, which may be facilitated by our financing solutions, including via our $100 billion social and environmental sustainability target discussed on page 20.

Setting higher standards for our customers' plans

We are setting higher standards for our customers' plans, by applying a more challenging assessment framework. Our upgraded framework includes:

- increased focus on our customers' progress delivering their transition plan targets, including whether customers are 'on track' (or 'almost on track')[3] with their emissions targets; and
- encouraging customers to obtain at least limited third-party assurance of emissions performance and targets.

We continue to seek TCFD aligned disclosures from these customers.

See page 24 for more detail about our upgraded customer transition plan assessment framework.

Expanding our engagement over time

In **2025**, we intend to capture in our engagement program the remaining large emitters in sectors for which we have pathways (listed on page 43), focusing on the most material exposures[4] and any remaining material corporate exposures[4] in higher emitting sectors such as large agribusiness, or chemical manufacturers.

We anticipate that by the end of 2025 we will have undertaken enhanced customer engagement with customers responsible for around 60% of our estimated Institutional credit customer portfolio emissions.[5]

Continuing to manage our exposures to customers with less developed plans

We will also continue to seek improved plans from 'Category C' and 'Category D' customers by the end of 2025 or we will likely reduce our exposure to them. Any customers rated 'C' or 'D' in 2024 that are included for the first time as part of our new phase of engagement will need to improve their plans by the end of 2026. Refer to table on page 24 for transition plan categories.

Upgraded climate risk tool

We are also extending the use of our upgraded CCRA tool to a wider customer cohort as shown in the diagram below. The CCRA includes an assessment of our customers' exposure to potential physical risks and transition risks and the maturity of the customer in developing a transition plan. It also assists us in understanding how our customers are managing and disclosing their nature-related risks, including biodiversity loss, see page 39 for more detail on the CCRA.

1. The Safeguard Mechanism. In Australia, the Federal Government has reformed the Safeguard Mechanism legislation so that for financial years commencing on or after 1 July 2023, designated "Safeguard facilities" (large carbon emitters) are required to reduce their emissions on a trajectory consistent with Australia's climate targets. **2.** Our 100 largest emitting business customers were identified from: (a) a list of customers who were part of the previous phase of our engagement program, had operational control over or a major financial stake in any Safeguard Mechanism facility or were included in our sectoral pathway targets; plus (b) those customers that ANZ has otherwise identified as large emitters for the purpose of our customer engagement. We also assessed whether the customer met specific credit limit thresholds and had an ongoing relationship with ANZ. Subsequently, the customers on this list were ranked by emissions from highest to lowest, encompassing Scope 1 and 2 emissions for all customers and Scope 3 emissions for Coal, Oil & Gas, and Mining Infrastructure customers. The top 100 customers with the highest emissions were identified as our 100 largest emitting business customers for our new phase of engagement. Note the determination of our 100 largest emitting business customers was based on the data and information as at the time of the analysis in August 2023. ANZ expects that this group of customers will comprise the LEEP group for the target period, noting that additional customers may be added if a customer in this group ceases its relationship with ANZ or if engagement for some other reason is not practical. **3.** References CDP's definitions for determining target tracking performance: On track: Actual emissions in the most recent reporting year are below expected emissions under the stated target on a linear reduction path. Almost on track: Actual emissions in the most recent reporting year are at most one year behind the emissions reduction under a linear reduction path. **4.** Determined primarily by assessing the size of Scope 1 and 2 emissions for all customers and Scope 3 for Coal, Oil & Gas and Mining Infrastructure customers. Our assessment of which customers to include will also consider whether the customer meets specific credit limit thresholds and had an ongoing relationship with ANZ. **5.** Includes Scope 1 and 2 (location based) of ANZ's Institutional credit customers who are ultimate group parents (where possible) with a material credit limit (either through group or subsidiary level). We excluded customers within Project Finance, Financial Institutions, Public Sector, and other customer segments such as services and education, which typically have lower emissions. **6.** Climate Change Risk Assessment (CCRA) is an online tool that is used to help guide customer engagement and assess and manage climate-related risks of certain customers in Institutional, including our 100 largest emitting business customers. **7.** Additional Safeguard Mechanism customers where ANZ is not currently engaging on their transition plans (excluding those to whom ANZ's exposure is considered immaterial). **8.** Remaining large emitters in sectors for which we have pathways, focusing on the most material exposures. **9.** Any remaining material corporate exposures in carbon-intensive sectors such as large agribusiness, or chemical manufacturers.

Our progress with 100 of our largest emitting business customers under our previous phase of engagement (2018 to 2023)

In 2021 we set a target to engage with 100 of our largest emitting business customers, to encourage them to strengthen their low carbon transition plans and enhance their efforts to protect biodiversity by the end of 2024. While we are now 'closing off' this phase of engagement, in 2023 we continued to group transition plans for these customers into four levels of maturity – advanced, well developed, underdeveloped/starting out, and no public plans. Low-carbon transition plans are typically re-assessed by ANZ annually, with engagement occurring throughout the year.

Over the course of our engagement with 100 of our largest emitters since the 2018 calendar year, customers continued to value our engagement and perspectives on this topic. This included several customers outside of the cohort who sought to engage with us, seeking clarity on our expectations, or requesting suggestions to improve their approach. For those customers starting out, we provide insights into enhanced customer practices we have observed through our customer engagement.

Where customers are further advanced, we encourage them to find ways to strengthen their approach and provide options for how we could potentially assist. This included, where appropriate, setting 'stretch' targets linked to improved financing terms in the form of sustainability-linked lending.

Within each industry, our customers have different starting points. Since the initial maturity assessment in 2021 when we started grouping plans into 'A to D' categories, we observed that many customers have improved their governance, strategies and targets or disclosures, which we consider is leading to an improved level of transition planning.

This is a positive step change over the period since 2021, as our customers continue to build their transition capacity. For example, while many customers already had targets in place, based on our assessment framework, we have observed a 'strengthening' in approach, including a rise in the intention to develop 'Paris-aligned' or 'science-based' targets and in those intending to report under the TCFD framework or taking steps towards improving disclosure. However, in the past 12 months there has been mostly incremental progress on company ambition and long-term targets. From ANZ's perspective, this means that, based on our assessment framework, no further customers have been upgraded to an 'A' in 2023. We have also observed companies in some cases making insufficient progress on short term targets, diversification strategies and capital allocation. This is why we are focusing more closely on whether customers are 'on track' with their targets in 2024 and 2025.

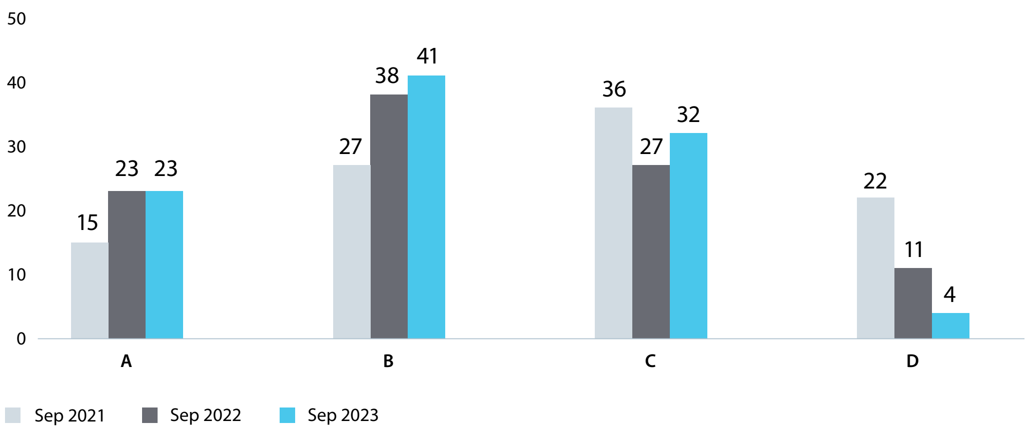
Our discussions in this context are typically led by our bankers and can include senior executives from ANZ and our customers. Where a customer remains in the 'no public plan' category, or in situations where there is a continued misalignment in approach compared with ANZ's expectations, we will consider the most appropriate actions on a customer-by-customer basis. In 2023 there was an encouraging response from several 'Category D' customers, with seven customers upgraded to a 'C' after taking steps to improve elements of governance, targets or emissions reduction plans, or disclosure.

Over the course of our engagement with our customers, there have been instances where we declined finance or have reduced limits to customers that have less developed plans or a misalignment with our expectations. These decisions were made having regard to our Climate Change Commitment and Social and Environmental Risk Policy.

Overall, our engagement with 100 of our largest emitting business customers has progressed well this year – we have completed discussions with all 100 on their progress in enhancing their low carbon transition plans and efforts to protect biodiversity.

64% of customers now have transition plans that we consider to be well developed or advanced versus 42% in September 2021. This means we were on track to meet our public target for more customers to achieve this level of maturity in their plans by the end of 2024 from our 2021 baseline. In this context, along with rising investor expectations and regulatory focus, in addition to the Safeguard Mechanism reforms, it is timely to intensify our focus on our absolute 100 largest emitters where we consider we are likely to have our most significant impact.

100 of our largest emitting business customers – by transition plan category



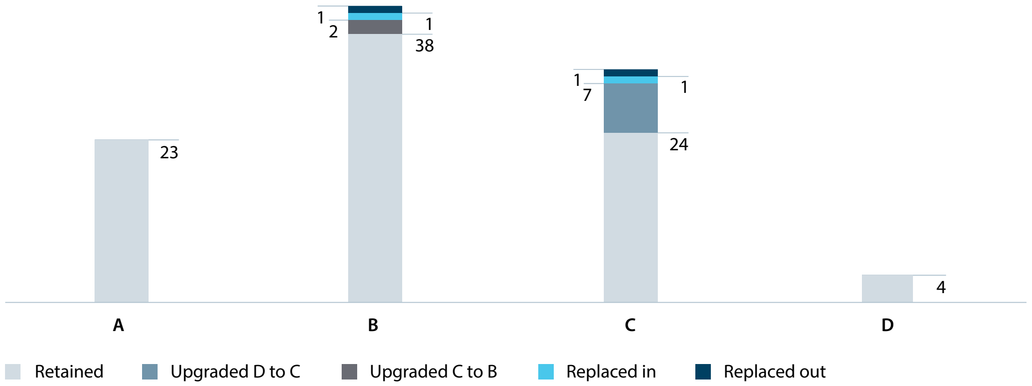
Customer transition plan categories: **A** – Advanced **B** – Well developed **C** – Underdeveloped/starting out **D** – No public plans

TCFD

Customer ratings movements in 2023

In 2023 we upgraded our assessment of nine customers – seven from 'D' to 'C' and two from 'C' to 'B'. We also replaced two customers in the cohort during the year, one replacing a 'B' rated customer and one at a 'C'. When we completed our assessment of the 'new' customers' plans in 2023 we rated them at the same level as the customer they replaced.

The chart below shows the number of customers in each category and the movements from 2022 to 2023.



We consider a robust low carbon transition plan has three key elements:[1]

Governance	A framework outlining Board and senior management accountability and oversight of management of climate change risks and opportunities.
Targets & Policies	Public greenhouse gas emission reduction targets which typically run up to 2030 that are "Paris-aligned" and cover the highest emitting parts of their business. Company policies or statements setting out long-term goals, including whether they support or commit to achieving net zero emissions by 2050.
Public Disclosures	Public reporting aligned with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, or comparable framework(s).

We have four transition plan categories under our upgraded assessment framework to be applied from 2024:

A – Advanced **B** – Well developed **C** – Underdeveloped/starting out **D** – No public plans

Illustrative examples of characteristics of customers within these categories are shown below

	Category A	**Category B**	**Category C**	**Category D**
Governance	✓ Strong governance in place to manage climate risk ✓ Acknowledges climate risk is a material risk and opportunity	✓ Public climate change commitment	✓ Sustainability and climate risk discussed with senior leaders	→ Acknowledges the need to develop a transition plan
Targets	✓ Decarbonisation trajectory is on track for Scope 1 and 2 "Paris-aligned" targets ✓ Disclose material Scope 3 emissions ✓ Incorporates climate change performance into executive remuneration	✓ "Paris-aligned" 2030 emissions reductions targets for scope 1 & 2 Note: Energy customers will need to achieve at least a 'B' by end 2025 and also disclose: • Material scope 3 emissions and any progress towards reducing those emissions • How company strategy, targets and planned capital expenditure is aligned with the Paris goals	✓ Has targets to reduce 'emissions intensity' across some of its operations	No public targets or other plans to reduce emissions → Developing sustainability projects → Developing sustainability framework
Disclosures	✓ TCFD-aligned reporting	✓ TCFD-aligned reporting	→ Moving towards TCFD-aligned reporting	Has not reported against TCFD

✓ In place/met → In progress

1. The descriptions in the above table are illustrative only. For details about the type of information we expect to see in our customer transition plans in each category (A, B, C and D), please refer to the table to the right on this page.

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BIODIVERSITY

A key target of the Kunming-Montreal Global Biodiversity Framework is the '30 by 30' target, which is to ensure the effective conservation and management of at least 30 per cent of the world's lands, inland waters, coastal areas, and oceans by 2030.

The release of the Australian Government's 5-yearly State of the Environment report, released in 2021, confirmed the general outlook for our environment is deteriorating with biodiversity in decline and an increase in Australia's number of threatened species. In this context, the introduction of the Nature Repair Market Bill, under the Nature Positive Plan, is designed to make it easier for companies and other businesses to invest in and drive nature repair across Australia.

Further the Taskforce for Nature-related Financial Disclosures (TNFD) released their final recommendations in September this year – which we are taking steps towards in this report – see page 79 for our TNFD Index which demonstrates this.

Our role

Historic levels of investment and lending will be needed from business, governments and financial institutions to deliver on the changes needed to halt and reverse the loss of nature, including biodiversity. This creates significant opportunities for ANZ to help support our customers to achieve nature-positive solutions.

Biodiversity or Nature?

Currently 'biodiversity' and 'nature' terminology is often used interchangeably by policy makers, regulators and market participants. The TNFD,[1] considers 'nature' as the natural world, with an emphasis on the diversity of living organisms (including people) and their interactions among themselves and with their environment. The TNFD defines 'biodiversity' as the variability among living organisms from all sources, including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems.

ANZ considers biodiversity a key pillar of how broader impacts on nature are managed. We consider nature to cover living and non-living aspects such as climate, air, water, soil, minerals, plants, animals (including people), biodiversity and the interaction between each of these aspects. As the understanding of biodiversity and nature matures externally and internally, we will consider alignment with the TNFD definitions of nature and biodiversity across our policies and frameworks.

Understanding nature risks and opportunities, including biodiversity loss, will enable the Group over time to better understand, measure and manage its exposure to nature risks and provide support to customers wanting to adopt nature-positive solutions.

We acknowledge the need to protect and restore biodiversity and mitigate biodiversity loss including as a result of species extinction or decline, ecosystem degradation and nature loss. We seek to understand the impacts – positive and negative – our large business customers can have on biodiversity and the impacts that biodiversity loss may have on the customer. We recognise the contribution we can make by working with our customers to understand risks and opportunities posed by their business operations and how they manage their impacts.

We recognise that we are at an early stage of understanding nature-related risks, including biodiversity loss, on the Group and our customers. We have had certain sensitive sector policies in place for some time such as Water (see page 37 of our Risk section). However, we recognise that 'nature' and its associated risks, is complex and multi-faceted. For example, no two ecosystems, areas of habitat or species populations are alike. For this reason, there is no single metric for measuring nature related risks. It is a multi-disciplinary area, requiring a new type of capability.

We have identified four key focus areas in relation to nature risks including biodiversity loss and opportunities at ANZ:

- policies and processes;
- customer engagement;
- upskilling our staff; and
- portfolio analysis.

Policies and processes

We acknowledge nature risks including biodiversity are closely linked to climate-related risks.

Nature risks are recognised in our Climate Change Commitment and are considered an emerging risk under our Risk Management Framework (RMF). ANZ seeks to understand emerging risks as they evolve and assess potential impacts to the Group. This year we are continuing to take steps to better understand ANZ's nature risks. Refer to page 37 for further detail on the policies and processes we have in place to understand nature risks.

1. Taskforce on Nature-Related Financial Disclosures – Glossary, September 2023.

Management commentary
(no financial statements)

Customer engagement

In October 2021, we broadened our engagement with 100 of our largest emitting business customers to include a focus on biodiversity; encouraging them to identify and manage their potential impacts and dependencies. We have engaged with each of these customers with this in mind. We encourage them to establish or strengthen their approach to biodiversity through effective Board governance, policies and strategies, and disclosures using recognised indicators or metrics.

Our engagement with 100 of our largest emitting business customers on biodiversity has been positive. We are continuing to see increased customer awareness of biodiversity and an increasing willingness to improve holistic management approaches, for example by putting in place related governance and strengthening how they measure their impacts on nature. Currently, 80 of these customers have governance in place on biodiversity, to support their compliance with existing environmental laws and regulations. In our experience, Australian resource sector customers are generally well placed partly due to their focus on related regulatory compliance for more than two decades. In general, they have progressively strengthened their commitments to what they will not do, for example, restricting exploration or extraction of resources to protect high value biodiversity areas.

We look to understand both the impacts of a customer on biodiversity, and the impacts that biodiversity-loss may have on the customer.

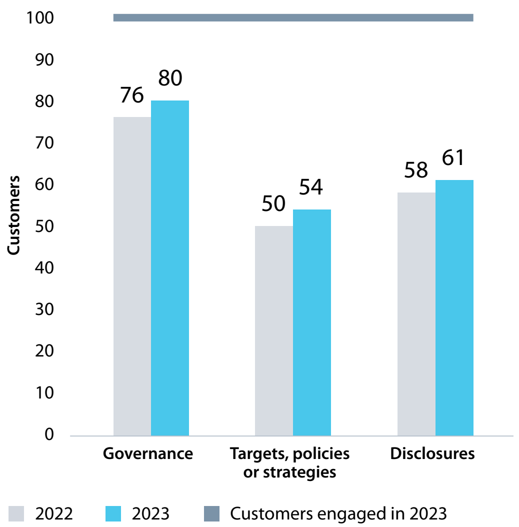
Currently these customers are less progressed in setting targets and disclosure around biodiversity compared with their progress in developing low carbon transition plans, though we expect progress to continue following the release of the TNFD's recommendations. Currently, 54 of these customers have targets, policies or strategies in place to protect biodiversity, with 61 making disclosures of their efforts to protect biodiversity using recognised indicators or metrics.

Customer engagement to date indicates a group of leaders – some with 'no net loss' and others with 'positive impact' commitments. One customer in this cohort has identified biodiversity as a key dependency within their sector, transport, and has plans to build out their strategy to better focus on the areas where they can have the highest impact. Another customer acknowledges the importance of biodiversity for their group and in response has developed a technology solution drawing on third party databases, to increase monitoring and reporting of impacts and dependencies.

We seek to apply what we learn from this engagement to help refine our screening, improve our knowledge and enhance our capacity to engage with other large business customers that are likely to have significant impacts and/or dependencies on biodiversity. Further information about our relevant screening tools and processes is available on page 39.

We are considering how we may apply what we learn from our customer engagement to identify and engage with other large business customers that are likely to have significant impacts and/or dependencies on biodiversity. We will continue to engage on biodiversity as part of our new phase of engagement with our largest emitting business customers, discussed on page 22.

100 of our largest emitting business customers biodiversity status



We are also seeking to support our customers to understand their biodiversity and nature opportunities. While connecting sustainable finance directly to the protection and restoration of nature in the financial market has not been common to date, we are starting to work with customers who are integrating biodiversity KPIs in sustainability-linked loans. See page 16 for further information on how we are financing sustainability. In addition, our new social and environmental sustainability target, to fund and facilitate at least $100 billion by end 2030 in social and environmental outcomes through customer activities and direct investments by ANZ, includes activities to protect nature and biodiversity. See page 20 for further details and ANZ's Social and Environmental Sustainability Target Methodology available at anz.com/esgreport

Management commentary (no financial statements)

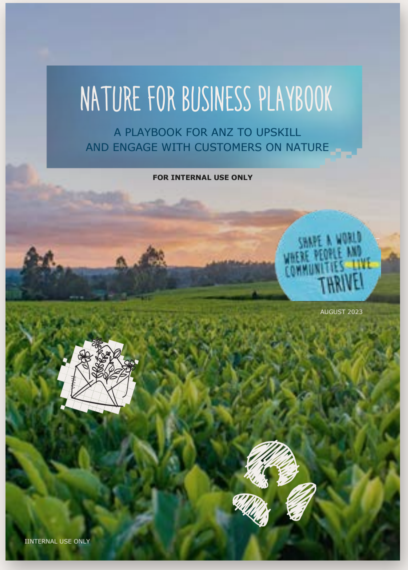
We are continuing to see increased customer awareness of biodiversity and an increasing willingness to improve holistic management approaches.

Upskilling our staff

Building the capability of our frontline staff on biodiversity is critical to supporting their engagement with customers on managing biodiversity risks and opportunities.

Recognising a multi-disciplinary approach is required to upskill our staff on nature, this year, we have worked with Pollination, ANZ's strategic partner in environmental sustainability, to develop a 'Nature for Business Playbook'. The sector agnostic Playbook was designed to build our Institutional bankers' capability and understanding of nature to support their engagement with customers on nature-related risks and opportunities. It includes an overview of emerging nature-related regulatory and industry trends, and outlines certain nature-related risks and opportunities.

Sector-specific Playbooks have also been developed for food, beverage and agribusiness, real estate, energy and metals and mining sectors and are being progressively rolled out across relevant parts of the business.



See page 21 for details on how we're building the capabilities of our staff.

Portfolio analysis: assessing our impacts and dependencies on biodiversity

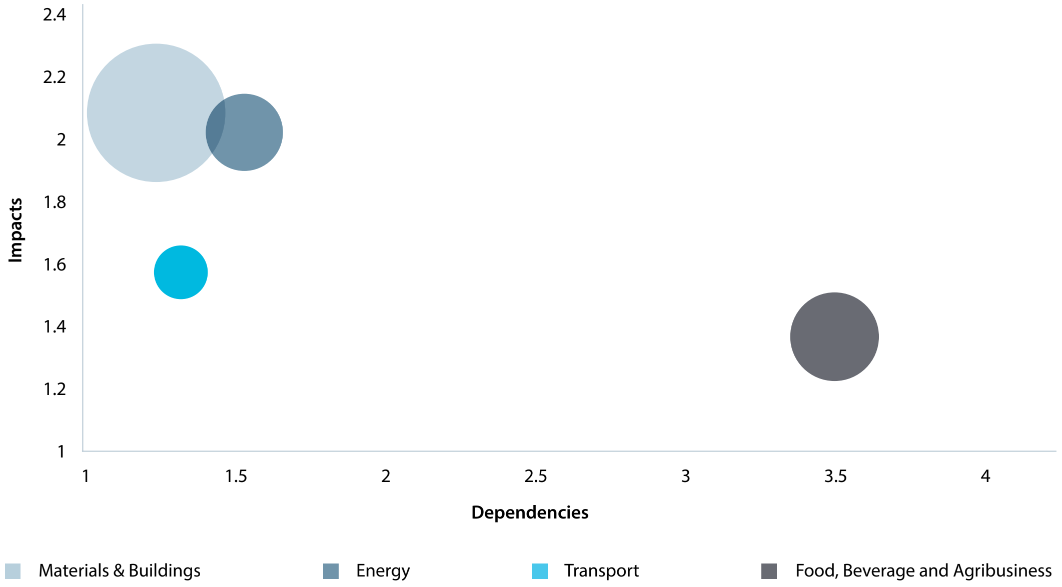
Biodiversity risks and opportunities are inherently sector and location specific. As a result, risks and opportunities are difficult to identify, making it not conducive to a single portfolio wide metric or target.

This year we utilised the Exploring Natural Capital Opportunities Risks and Exposure (ENCORE)[1] tool to take initial steps to identify priority sectors and assess our potential sector level biodiversity impacts and dependencies.

The portfolio level analysis demonstrated the impacts and dependencies on nature by sector, highlighting energy, and materials and buildings, as sectors with higher impacts on nature, whilst highlighting food, beverage and agribusiness as a sector highly dependent on nature.[2]

This analysis has helped inform our approach and confirmed the sectors we have been focused on for our customer engagement program with 100 of our largest emitting business customers. To some extent, this focus aligns with the sectors we have identified with higher biodiversity impacts or dependencies, confirming our understanding that biodiversity risks are closely linked to climate-related risks. However, we also acknowledge that there is not complete alignment between our engagement program and analysis via the ENCORE tool. We are considering our approach to prioritising customers for engagement, including having regard to the September 2023 release of the Nature Action 100 companies.[3]

ENCORE impact and dependencies by sector[4]



The size of the bubble represents exposure at default (EAD) as at September 2023.

Management commentary
(no financial statements)

1. The ENCORE tool consolidates international and national data from public databases. It is widely used by other banking institutions and recognised as a robust tool. The ENCORE tool was developed by the Natural Capital Finance Alliance (the NCFA) and the World Conservation Monitoring Centre (the UNEP-WCMC). **2.** Mapping the high and very high impacts and dependencies of each sector. **3.** Nature Action 100 – Companies. **4.** Impacts and dependency ratings were sourced from ENCORE. A score was applied in order to convert ENCORE's qualitative assessment to a quantitative analysis and scores were aggregated.

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Impacts on nature by sector[1]

Within the sectors assessed, water use and terrestrial ecosystem use are categorised as having the most material potential nature-related impacts that our customers have. Identifying sector-level impacts and dependencies enables us to engage in more meaningful conversations with these customers to better understand how we can support them as they seek to manage, mitigate and set targets in line with their impacts and dependencies.

The analysis identified that the metals and mining sector has 'very high' impact across water use, and terrestrial ecosystem use. While there are varying levels of progress, compliance with regulatory obligations has seen biodiversity outcomes as a focus for the mining sector for more than two decades. In general, some customers have progressively strengthened their commitments to what they will not do (e.g. restricting exploration or extraction of resources to protect high value biodiversity areas) and we have seen an increase in the transparency of disclosures around key impacts such as water use.

				IMPACTS					DEPENDENCIES				
Sector	Sub-sector	EAD as at September 2023 ($bn)[2]	EAD as a %[3]	GHG Emissions[4]	Water pollutants	Water Use	Terrestrial ecosystem use	Soil Pollutants	Climate regulation	Flood and storm protection	Ground water	Mass stabilisation and erosion control	Surface water
Food, Beverage and Agribusiness	Agriculture	31.5	16%	H	H	VH	VH	H	VH	H	VH	VH	VH
	Beverages	4.0	2%	H	H	H		H		M	VH	L	VH
	Paper and Forest Products	1.0	1%	H	H	VH	VH	H	VH	VH	VH	VH	VH
	Packaged Foods and Meats	7.6	4%	H	M	H		M	VH	VH	VH	VH	VH
Energy	Coal	0.9	0%	H	H	VH	VH	H	H		H	M	H
	Electric Utilities	13.5	7%	H	H	VH	VH	H	VH	VH	M	H	VH
	Oil and Gas	15.5	8%	H	H	VH	VH	H	M	H	VH	H	H
Transport	Air Freight	3.1	2%	H	L			L	H	M		M	
	Automobiles	4.4	2%	H	H	H		H	VL	M	H	L	H
	Maritime Transportation	1.4	1%	H	H			H	H	M	M	M	M
	Passenger Air	0.3	0%	H	H	H		H	M	H	M	M	M
	Rail Transportation	1.8	1%	H	L			L	H	H	M	H	M
	Trucking Services	4.9	3%	H	H	H		H	VL	M	M	VL	M
Materials and Buildings	Capital Goods	21.2	11%	H	H	VH	VH	H	M	L	M	M	M
	Chemicals	3.5	2%	H	H	VH	H	H	L	M	H	L	H
	Construction Materials	1.3	1%	H	M	H	VH		VL	M	VH		VH
	Metals and Mining	8.0	4%	H	H	VH	VH	H	H		H	M	H
	Real Estate Management and Development	69.9	36%	H	M		VH	M	H	M	VH	M	VH
		193.8											

No impact or dependency | **VL** – Very low | **L** – Low | **M** – Medium | **H** – High | **VH** – Very high

Management commentary (no financial statements)

1. Impact and Dependency rating data sourced from ENCORE. Impact rating from very high to very low has been assigned to each sub sector across each nature related issue. Exposure at default (EAD) represents the Group's exposure to each sector based on APRA's calculation formula which includes total committed loans (drawn plus a proportion of off-balance sheet exposures as specified by APRA). 2. EAD for sectors identified by the TCFD to be most exposed to climate-related risks. 3. Numbers do not add to 100 due to rounding. 4. Greenhouse gas emissions.

Participation with industry groups to build our understanding

This year we participated in a pilot study of the TNFD framework's application – focused on a particular sector – and provided feedback on the learnings and existing barriers to adopting and implementing the TNFD Framework in the Australian context.[1] This work supported the Australian Government in providing feedback to the TNFD that was relevant for Australia. Our New Zealand business has also participated in a TNFD pilot to explore the framework. Collectively, piloting the Locate, Evaluate, Assess and Prepare (LEAP) approach enabled ANZ to develop an understanding of how nature-related risks and opportunities are expected to be identified, assessed and disclosed in line with TNFD. It has also assisted us to better understand the uplift that will be required regarding data, tools, systems and capabilities. Participation has helped us to mature our approach to customer conversations and we are considering the extent to which the pilot approach is 'scalable' to other sectors.

'LEAP' provides an approach for organisations to:

- **locate** interface with nature
- **evaluate** dependencies and impacts
- **assess** risks and opportunities
- **prepare** to respond

HIGHLIGHT

We have also joined the United Nations Principles for Responsible Banking (PRB) – Nature Target Setting Working Group – which is developing guidelines on nature target setting and considering how banks can contribute to the Global Biodiversity Framework. The aim is to create clear methodologies and approaches to assist PRB signatories in setting science-based biodiversity and nature targets, starting with piloting of interim targets in 2024. We hope the guidance will be useful for ANZ and other banks to use in developing their first targets following the release of the TNFD's recommendations.

We welcome the establishment of the TNFD and have joined the TNFD Forum to support its work. We recognise their important role in driving widespread and improved disclosures of biodiversity impacts and dependencies. The TNFD's recommendations were released in September 2023, including additional guidance for financial institutions, such as proposed metrics that we are considering. We are taking steps towards the TNFD's recommendations to help inform our disclosures in this report and plan to continue to build on this in future years. See page 79 for our TNFD Index.

1. We acknowledge the Department of Climate Change, Energy, the Environment and Water for sponsoring the pilot study, which was facilitated by EY.

Management commentary
(no financial statements)

PARTNERSHIPS AND INITIATIVES

We play a role in sharing research and insights, enabling cross-industry collaboration and supporting development and implementation of sustainable finance industry standards.

Australian Sustainable Finance Institute

ANZ is a founding member of the Australian Sustainable Finance Institute (ASFI), which developed a roadmap to re-align Australia's financial system to enable the transition to a more resilient and sustainable economy. The roadmap sets out 37 recommendations tackling a broad suite of challenges including climate change, biodiversity loss and economic inequality.

During 2023 the Australian Government committed to co-funding ASFI's development of an Australian Sustainable Finance Taxonomy. The taxonomy will provide a common standard for green and transition finance in Australia, aimed at providing credibility and transparency to support capital flows into activities contributing to Australia's transition. ASFI will provide strategic direction over, input into and endorsement of a taxonomy for consideration by the Australian government.

Toitū Tahua – Centre for Sustainable Finance

ANZ Bank New Zealand is a founding member of Toitū Tahua – the Centre for Sustainable Finance, established in July 2021 as an independently governed charitable trust to advance progress towards the Sustainable Finance Forum's 2030 Roadmap for an equitable, inclusive and sustainable financial system. Throughout 2023, ANZ Bank New Zealand has continued to engage with key government, regulatory and industry stakeholders as part of our Toitū Tahua partnership, including through key roundtables and working groups on: the Sustainable Agriculture Finance Initiative (SAFI); financing climate and adaptation and long-term resilience; sustainable finance taxonomies; Emissions Trading Scheme; climate transition planning; informing inter-Governmental dialogues; and mobilising institutional investment into private assets.

In June 2023, the inaugural Australia–New Zealand Climate & Finance Summit was held to support Trans-Tasman collaboration on sustainable finance and enable both countries to transition to low-emissions, climate-resilient economies. Toitū Tahua is working closely with the New Zealand government, the ASFI along with other partners including Responsible Investment Association Australasia (RIAA) and the Investor Group on Climate Change (IGCC) in taking this forward.

The Aotearoa Circle

ANZ Bank New Zealand is also a leading partner of The Aotearoa Circle, a voluntary initiative bringing together leaders from the public and private sectors to investigate the state of Aotearoa New Zealand's natural resources, and to commit to priority actions that will restore Aotearoa's natural capital for future generations.

In 2023, ANZ Bank New Zealand took part in a cross-sector 'bootcamp' run by The Aotearoa Circle to explore the TNFD framework. A young ANZ leader also joined The Aotearoa Circle's Rangatahi Advisory Panel (the RAP).

The RAP has three main objectives:

- to hold to account The Aotearoa Circle's Guardians and the Leadership Groups of its workstreams,
- to provide learning and development for rangatahi (youth) employees of leading partners, and
- to advise leading partners on a key piece of their work each year.

Pollination

In 2022, ANZ and climate and nature advisory and investment firm Pollination announced a strategic partnership. ANZ and Pollination intend to deliver innovative solutions and opportunities for customers in their efforts to transition to net zero and to improve nature outcomes. The partnership brings together ANZ's capabilities across Institutional Banking with Pollination's expertise in climate and nature to deliver financing solutions for our customers.

Amongst initiatives delivered this year, Pollination and ANZ developed a program to build Institutional banker capacity in nature and natural capital. This included growing their understanding of nature-related risks and opportunities and developing tools to support bankers in engaging with customers on nature. See page 27 for more information.

Thought leadership

Putting energy efficiency to work

This year ANZ and the Energy Efficiency Council (EEC)[1] released *Putting energy efficiency to work*, a report highlighting the significant contribution energy efficiency and electrification can make to cutting energy bills and decarbonising the Australian economy. The report modelled how energy efficiency could deliver up to 18.5 per cent of Australia's 2030 emissions reduction targets. The modelling also suggests that energy efficiency and electrification, combined, could deliver almost 40 per cent of Australia's 2050 net zero target.

Energy efficiency and electrification are important to support improved social and environmental outcomes, and can also improve the financial wellbeing of Australians through reduced energy bills for households and businesses.

The longstanding partnership between ANZ and the EEC aims to support customers and the community through the energy transition.

"When you consider the bank's purpose and what we care about most, it's financial wellbeing and helping households and businesses move towards more sustainable practices. Energy efficiency ticks all of these boxes," said Christina Tonkin, Corporate Finance Managing Director.

Climate insights for business

This year ANZ Bank New Zealand extended its suite of sustainability insights papers, with two reports for the food and beverage sector. These explored trends in consumer preferences, and guidance for businesses in publicising their sustainability journey. ANZ Bank New Zealand also held three webinars for business customers on topics including reducing emissions, green buildings, and options for agriculture customers to reduce emissions.

1. The EEC is the peak body for Australia's energy management sector.

TCFD

REDUCING OUR ENVIRONMENTAL FOOTPRINT

ANZ has set ambitious targets for 2025 and 2030 to reduce our environmental footprint and increase our sustainability ambition in line with our purpose. Our operational reduction targets for greenhouse gas emissions, water, waste and paper take into account future remote working arrangements, proposed efficiency projects, property portfolio footprint efficiencies and an increase in renewable electricity usage.

In 2023, our operational emissions began to normalise towards pre-pandemic levels due to staff returning to our workplaces and an increase in business travel. Our focus remains on continuing to investigate opportunities to counterbalance these increases in emissions through best practice office and retail design, using renewable electricity, green leasing, staff education and supplier engagement.

Managing our residual emissions

Our aim is to reduce emissions where possible, however, remaining operational emissions are offset using carbon credits to achieve our net zero carbon commitments.[1]

In 2023, our Australian operations will apply to maintain our carbon-neutral certification under the Climate Action Carbon Neutral Standard

Climate Active Carbon Neutral ORGANISATION

Our New Zealand operations have been certified under a net Carbonzero certification through Toitū Envirocare for the first time.

TOITŪ NET CARBON ZERO ISO 14064-1 ORGANISATION

Improving our data collection of operational scope 3 emissions

New Scope 3 Emissions sources

In 2023, we undertook a Scope 3 operational emissions assessment and peer review to evaluate best practice greenhouse gas (GHG) reporting and gain a deeper understanding of emerging trends in disclosures. Suppliers were then engaged to understand the availability of emissions data for services supplied to ANZ. The outcomes include the addition of seven new Scope 3 emissions sources to our operational GHG inventory this year, including expanding our working from home emissions reporting to include New Zealand staff, adding to the 21 Scope 3 emissions sources already reported on in our GHG inventory:

- Cloud Data Storage (Global)
- Embodied Carbon – Retail Branch fit-outs (Australia)
- Embodied Carbon – IT Equipment (New Zealand)
- Freight (Global)
- Postage and Mailing (Australia and New Zealand)
- Refrigerants (Australia)
- Working from home (New Zealand)

See page 42 for the physical risk assessment analysis we conducted on our own operations. Sustainable Staff Initiatives.

Green Ambassador Program

Our Green Ambassador program, launched in 2018, empowers our people to live sustainably by providing education and pathways to act.

Over the month of August, we hosted the third Green Ambassador Summit, focusing on the intersection between creating a sustainable and cost-efficient lifestyle. Employees were invited to consider issues such as their consumption habits and how to create a more energy efficient home. More than 320 participants attended a series of virtual panels and workshops featuring industry experts.

Additional Green Ambassador initiatives include:

- Green Ambassadors in Manila launched the Brown Bag initiative, encouraging employees to bring their used paper bags into an office collection point. Since April, more than 144kgs of brown bags have been diverted from landfill and collected by the team, donated to the Silent Beads Paper Bag Movement, Project Propel and other local vendors for re-use.
- Australian Green Ambassadors extended their volunteering partnership with the Australian Microplastic Assessment Project/Earthwatch for another three years, after a successful pilot trained more than 300 ANZ employees across the country as 'citizen scientists'. Volunteers removed more than 3,700 pieces of micro and macro plastic waste from our waterways in the first year and contributed to microplastic research being led by Macquarie University.
- ANZ Vietnam employees, along with their family and friends, planted 500 trees in the Vin Cuu district.

1. Further details regarding our boundary inclusions and exclusions for Scope 1, 2 and selected Scope 3 emissions can be found on the Climate Active and Toitū websites.

TCFD

PERFORMANCE AGAINST OUR ENVIRONMENTAL FOOTPRINT TARGETS[1]

OUR OPERATIONAL FOOTPRINT TARGETS

Reduce the direct impact of our business activities on the environment by:

- Reducing combined scope 1 and 2 emissions[2] **85%** by 2025 and **90%** by 2030 (against 2015 baseline);
- Increasing renewable electricity to **100%** by 2025;
- Reducing water consumption by **40%** by 2025 (against 2017 baseline);
- Reducing waste to landfill by **40%** by 2025 (against 2017 baseline);
- Reducing paper consumption (both office and ANZ originated customer paper use) by **70%** by 2025 (against 2015 baseline).

The below provides an overview of how we are performing against these targets.

GHG EMISSIONS

Combined scope 1 and 2 emissions have decreased by **80%** against a 2015 baseline, on track to meet our 2025 and 2030 targets.

Our global emissions footprint decreased due to:

49% of electricity consumed being from renewable sources.

Flexible working arrangements.

Commercial Property Footprint Efficiencies Project.

Energy efficiency projects including:

- Ongoing data centre server optimisation project.
- LED lighting upgrades in commercial buildings across the jurisdictions we operate in.
- Relocation of Vietnam office to an energy efficient A grade, LEED-certified building.

RENEWABLE ENERGY

In 2023, **49%** of our electricity consumption came from renewable sources.

42,500 megawatt hours (MWh) of renewable energy was supplied to Australian operations through the ANZ Murra Warra wind farm and 577 MWh of rooftop solar at our global headquarters in Melbourne, Victorian data centres and as a result of the Retail Solar PPA Trial.

8,631 MWh of renewable energy was sourced for our global operations via a Renewable Energy Contract in New Zealand, solar leasing agreement in Fiji, and a Power Purchase Agreement (PPA) in India.

WATER

Our global water consumption has decreased by **61%** against a 2017 baseline, on track to meet our 2025 target.

Although we are currently exceeding our 2025 target, this year we have seen normalisation of our water consumption towards pre-pandemic levels. We expect water consumption to increase in the coming year, due to an increase in staff returning to our workplaces.

To mitigate this increase we continue to undertake water saving projects such as:

- Installation of low flow shower heads in End of Trip facilities.
- Installation of handwashing sensors in Bengaluru, with expected savings of 30,000 litres of water annually.

WASTE

Waste to landfill generated by global operations has reduced by **71%** since 2017, on track to meet our 2025 target.

Although we are currently exceeding our 2025 target, waste to landfill generation increased by 4% since last year. This change was due to an increase in staff returning to our workplaces, which we expect to continue over the coming year.

ReturnR Reusable container program developed at our global headquarters in Melbourne has reduced single use coffee cup usage by by 41% since implementation.

Donation of excess furniture from the Optimisation program to Habitat for Humanity.

PAPER

Paper consumption has reduced by **71%** since 2015, on track to meet our 2025 target.

Although we are currently exceeding our 2025 target and have seen a 2% reduction in our paper consumption year on year, we do expect paper consumption to increase in the coming year, due to an increase in staff returning to our workplaces.

Continued digital communication transformation project resulting in 88% of customers electing to receive statements and notices electronically only during 2023.

Electronic Document Signature (eSign) transactions increased by 59% in 2023, saving an estimated 4,400,000 sheets of paper.

In NZ, Project Whakamamati is continuing and focuses on proactively reducing the number of paper statements that we send to our customers.

1. Environmental reporting year is 1 July to 30 June, in line with the National Greenhouse and Reporting Act (NGERs) administered by the Australian Clean Energy Regulator. **2.** Scope 1 emissions include natural gas used to fuel boilers, a trigeneration plant and cooking in commercial buildings, refrigerants from our commercial chillers, diesel used in back-up generators, a waste water treatment plant in our global headquarters in Melbourne, and fuels used for ANZ's fleet and rental vehicles. Scope 2 emissions include electricity used to operate facilities and services including lighting, IT, heating, ventilation and air conditioning (HVAC) equipment and appliances (such as ATM's, kitchen appliances) across our commercial, data centre and retail buildings.

TCFD

Case studies

Retail Solar Power Purchase Agreement (PPA) Program

In 2023, we developed a program to install solar to selected leased retail branches. ANZ executed PPAs with Upstream Energy, which installed and will maintain the solar arrays with no direct up-front cost to ANZ or our landlords.

ANZ purchased the renewable electricity from the solar array for the term of the lease, while landlords execute a 10-year roof licence agreement, after which time the solar array ownership is transferred to the landlord.

The key benefits were:

- Increased onsite renewable energy into the network;
- Progress on our renewable energy commitment;
- No direct upfront cost of solar installations;
- Improved short-term cash flow;
- Fixed inflation protected electricity costs (under the PPA) for the term of the lease; and
- No ongoing operations and maintenance costs.

The trial concluded in July, resulting in 11 landlords signing up to the program, and 247KW of solar power installed on our selected retail branches. The recommendation is to expand the program across other suitable sites within our Australian retail branch network in future years.

ReturnR reusable container program

Aligned with our waste to landfill reduction target and following the announcement of a ban on single-use plastics in Victoria, we developed a Reusable Container Program in partnership with ReturnR at our head office in Docklands, Australia in June 2022.

We engaged with our retailers, cleaners, facility managers and staff to provide reusable products (coffee cups and food containers) for staff at the point of sale. We set up a central retailer storage hub for retailers to collect the products each morning and educated staff on how the program worked. Engagement of our cleaners to support cleaning and transportation of the products from kitchens back to the central storage hub, was key to the program's success.

Since the program began in June 2022, we have seen a 41%[1] reduction in single use coffee cups used by staff.

Climate Resilient Retail Branch Concept

Our Lismore branch has been significantly impacted by floods in recent years, requiring two refurbishments. Partnering with JLL and Lendlease, we developed a strategy to improve the resilience of the branch to flooding by increasing the use of water-resistant materials.

Innovations developed include:

- The use of flood damage resistant materials such as marine ply joinery and modular panels, epoxy flooring, powder coated metal planter boxes, painted masonry, and raised steel grille doors.
- Reduced usage of flood-vulnerable materials such as carpet and plasterboard.
- Electrical Services, including switchboards and IT servers, positioned above 2 metres to minimise electrical works required following a flood.
- Revised furniture selection to utilise powder coated steel and solid timber.

1. Calculation based on average single use coffee cup recycled through the Simply Cups program vs average FTE in ANZ Centre between 1 July 2022 and 30 June 2023.

Management commentary
(no financial statements)

RISK MANAGEMENT

Our understanding of climate-related and nature-related risks, including biodiversity loss, continues to evolve and mature.

On 9 November 2023 our Board Risk Committee approved that 'climate risk' will be elevated to a Key Material Risk. This means going forward that we are further strengthening our enterprise-wide approach to managing climate risk. We are working to embed this change and expect to disclose our progress in our 2024 reporting. This section of the report discloses how climate-related risk has been managed and monitored during our 2023 financial year.

How is ANZ exposed to climate-related risk?

The Group's most material climate-related risks arise from lending to business and retail customers, which contributes to credit risk. Customers may be affected **directly** by physical and transition climate-related risks such as: the effect of extreme weather events on a customer's business or property, including impacts to the cost and availability of insurance and insurance exclusions; changes to the regulatory and policy environment in which the customer operates; disruption from new technology; and changes in demand towards low carbon products and services.

Climate-related risks may also **indirectly** affect a customer through impacts to its supply chain and customer base.

If realised, these risks may affect the ability of customers to repay debt; result in an increased probability of default; result in 'stranded assets' and impact the amount the Group is able to recover due to the value or liquidity of collateral held as security being impaired. The Group may also face legal proceedings and suffer reputational damage, for example, if it acts or is perceived to act inconsistently with public commitments in relation to climate change. Failure to manage these risks may adversely affect the Group's position.

Refer to pages 44-45 for our credit metrics and climate exposed sub-industry sector exposures at default and page 80 for our portfolio financed emissions pathways and targets.[1]

Climate-related transition and physical risks that may potentially impact our performance include:

Transition Risk	Physical Risks
Policy Risk	**Acute** (eg. customer exposure to heatwaves, floods, bushfires and cyclones)
Maket Risk	
Legal Risk	**Chronic** (eg. customer exposure to rising sea levels, rising average temperatures and ocean acidification)
Technology Risk	
Reputational Risk	

Policy risk

Policy uncertainty or future government policy changes may affect the operating costs of customers in a range of sectors, particularly those in higher-emitting sectors. For example, through more aggressive emissions reductions targets, a mandated shift to lower carbon processes or policies to allocate or levy costs associated with carbon emissions.

A potential risk also exists, for example, should prudential regulators implement measures such as capital overlays on exposures to higher-emitting sectors in recognition of their increased transition risk. Such developments may increase the cost of funding which could in turn reduce our ability to provide finance to certain customers in higher-emitting sectors, typically in the Institutional customer portfolio, which aims to help them transition.

Timeframe:[2] S M L

Legal risk

Increased regulation will require financial institutions to dedicate additional and ongoing resources to identify, assess, manage and disclose climate risks and opportunities, leading to increased operational costs.

'Greenwashing' is the practice of misrepresenting the extent to which an entity, product or strategy is environmentally friendly, sustainable or ethical. For example, greenwashing risk may arise where an entity is alleged to have misrepresented its climate-related risks, business credentials or strategies. If ANZ is found to have engaged in 'greenwashing', this may lead to penalties and reputational impacts, which could lead to a decline in ANZ's future earnings. We seek to manage this risk through transparent disclosure of our climate-related financial risks and through our risk management policies and processes. We also monitor both our own legal risks (to the extent that they arise) and claims brought against other organisations to better understand emerging trends.

We also monitor our Institutional and Corporate customers' exposure to legal risk, which may manifest as potential credit and reputational risks to ANZ, through our Social & Environmental Risk Screening process and credit process, for Institutional and Corporate customers identified by ANZ to be subject to heightened climate-related scrutiny.

Timeframe: S M L

1. Set in alignment with our Net-Zero Banking Alliance commitment. **2.** ANZ classifies risk timeframes/horizons (i.e. short, medium and long-term), aligning with our classification of limits. Short-term: 0 to 1 (years), Medium-term: 1 to 5 (years) and Long-term: 5 to 30 (years).

S Short M Medium L Long term

Technology risk

New technologies may disrupt the economics of certain products and services. For example, we are seeing emerging technologies being applied to renewable energy projects (both generation and storage), which may reduce demand for coal and gas fired electricity generation faster than expected and result in assets becoming stranded, bringing forward decommissioning costs. The adoption of new technologies and processes may also increase operating costs for customers.

This risk may result in credit losses to ANZ, which can occur when a customer becomes unable or unwilling to repay debt. We seek to minimise the risk of losses through customer selection, working actively with customers facing difficulties and managing our exposure to customers that we identify may be impacted by technological developments, working with relevant customers, typically those in the Institutional customer portfolio.

Timeframe: S M L

Market risk

The market risk category of transition risks arise from lending to companies with large exposures to higher-emitting assets. If these companies experience a decline in demand for their products or services, this may affect their ability to repay loans. The impact may also extend to companies who are exposed to higher-emitting assets through their supply chain, which could lead to an increase in operating costs.

Market demand, supply and prices for climate exposed sectors, such as energy generation, can be subject to a number of influences and may change unexpectedly.

We seek to manage this risk through a combination of engagement, with relevant customers, typically those in the Institutional customer portfolio and by assessing relevant publicly available information, recognising that the levels of risk exposure and potential impacts vary across industry sectors and individual businesses.

Timeframe: S M L

Reputational risk

Failure or perceived failure to apply appropriate standards to our decisions and respond effectively to stakeholder concerns about our involvement in particular transactions can result in public criticism and activism, potentially damaging our brand and reputation.

We seek to manage this risk through our Social and Environmental Risk Policy, which sets out the principles and standards to be taken into account by our bankers when considering large business transactions.[1] We also continue to apply an enhanced due diligence and decision-making process for relevant customers and transactions in the energy sector, including companies with operations in the oil and gas sector, see page 11 for further details.

Where customer practices may not be consistent with ANZ's policies and processes, we aim to work with them to understand their circumstances and, where necessary, encourage them to identify specific and time-bound improvement plans. If prospective or existing customers are unwilling to adapt their practices in an appropriate timeframe, we may decline financing or exit the relationship.

We also engage in public policy discussion on climate change, where appropriate, and seek to increase the transparency of our approach to climate change by disclosing our membership of key industry bodies.

Timeframe: S M L

Acute physical risk

Customers' exposure to acute climate-related events may adversely affect collateral we hold to secure credit facilities extended to those customers. To manage this risk, for example, ANZ requires property over which it holds a residential home loan to be appropriately insured for the period of that home loan.

Timeframe: S M L

Chronic physical risk

We support a range of agribusinesses across Australia and New Zealand. Agriculture requires specific weather and soil conditions, and farmers congregate in locations that have historically provided the right environment. As the climate changes, some customers might find that with the magnitude or frequency of the climatic events such as drought or flood, they may experience reduced income, impacted asset values and issues regarding the cost and availability of insurance, potentially affecting their ability to repay loans. The economic impact of these events may also extend beyond primary producers to other customers, including suppliers to the agricultural sector, and to those who reside in, and operate businesses within, affected communities.

We recognise the need to understand how customers manage their land and natural environment, including our customers' plans for a changing climate.

Timeframe: M L

How is ANZ exposed to nature-related risk, including biodiversity loss?

Nature-related risk, including biodiversity loss, for example as a result of species extinction or decline, or ecosystem degradation and nature loss, is an emerging risk that the Group is seeking to understand further.

Biodiversity risks are closely linked to climate-related risks and for ANZ are likely to arise primarily through our exposure to customers that have material dependencies and/or whose actions may have negative impacts on nature, including biodiversity.

In addition to physical risks associated with biodiversity loss, risks can also arise from changing societal preferences and regulatory or policy changes, including potential reforms to halt and reverse forest loss, species extinction and land degradation.

These changes may affect the Group directly, but the greater impact is likely to be through the impact of these changes on some of the Group's customers.

We are seeking to understand how our customers are managing and disclosing their impacts and dependencies on nature, for example, through our customer engagement program (see pages 22-24).

1. Transactions involving our Institutional and Corporate customers.

S Short M Medium L Long term

TCFD

Our approach to climate-related and biodiversity risks

ANZ's approach to identifying, measuring, evaluating, monitoring and reporting risk, including climate-related risk and biodiversity, is set out in our Risk Management Framework (RMF), which describes how the Group manages all risk types.

Further detail on our risk types is available in the Risk Management section of our 2023 Annual Report available at anz.com/annualreport.

Climate change risk is managed and monitored as part of ANZ's business, strategic and capital management processes.

While for ANZ climate change risk primarily manifests as a financial risk, especially credit risk, it may also result in additional market, operational or other risks. Our key material risk category of Credit Risk considers the risks associated with lending to customers that could be impacted by climate change, including by physical and transition risks. We continue to seek to manage climate-related impacts in accordance with the risk management strategies associated with the applicable key material risks.

Our approach to nature-related risk including biodiversity loss

Biodiversity risk is considered an emerging risk under our RMF compared with other areas of risk and is recognised in our Climate Change Commitment. ANZ seeks to understand emerging risks as they evolve and assess potential impacts on the Group.

Our risk management framework

The following provides an overview of the role that our RMF plays in ANZ's overall risk management approach and includes detail on how climate-related risk is being integrated into this approach.

The Board is ultimately responsible for establishing and overseeing the Group's RMF which is supported by the Group's underlying systems, structures, policies, procedures, processes and people. The Board has delegated authority to the Board Risk Committee (BRC) to develop and monitor compliance with the Group's risk management policies.

The Committee reports regularly to the Board on its activities. The key pillars of the Group RMF include:

- The **Risk Management Strategy (RMS)**, which describes the approach for managing risk arising from the Group's purpose and strategy. The RMS is reviewed and reset annually at a minimum. The RMS includes:
  - an explanation as to how the risk function is structured to support the Group's purpose and strategy, and the execution of the Group Chief Risk Officer's prescribed responsibilities as an Accountable Person for the Group under the Banking Executive Accountability Regime;
  - the values, attitudes and behaviours required of employees in delivering on strategic priorities;
  - a description of each of the key material risks; and
  - an overview of how the RMF addresses each risk, with reference to the relevant policies, standards and procedures.

  It also includes information on how the Group identifies, measures, evaluates, monitors, reports and then either controls or mitigates material risks and the oversight mechanism and/or committees in place.
- The **Risk Appetite Statement (RAS)**, sets out the Board's expectations regarding, for each material risk, the maximum level of risk that the Group is willing to accept in pursuing its strategic objectives and its operating plans considering its shareholders', depositors' and customers' interests. The RAS is reviewed annually at a minimum. The RAS acknowledges that climate-related risks primarily manifest through credit risk.
- The **Risk Culture principles** are a subset of the Group's organisational culture and an intrinsic part of the Group's RMF.

The Group operates a Three Lines-of-Defence Model in regard to risk management, helping to embed a culture where risk is considered everyone's responsibility. See our 2023 Annual Report for further details available at anz.com/annualreport.

The governance and oversight of risk management, while embedded in day-to-day activities, is also the focus of committees and regular forums across the Group. The committees and forums discuss and monitor known and emerging risks, review management plans and monitor progress to address known issues. See our Annual Report for further details available at anz.com/annualreport. For governance structure relevant to the oversight of climate-related risks and opportunities, refer to page 8.

TCFD

Overview of how Social and Environmental Risks (including climate and nature-related risks) are incorporated into our policies and procedures

Policy

We regularly review our lending practices and policies, in light of current and emerging social and environmental issues.

These potential social and environmental issues associated with lending to customers are also typically considered by our management Ethics and Responsible Business Committee (ERBC) and Board Ethics, Environment, Social and Governance (EESG) Committee. See page 8 for further details on our governance structures.

We seek to assess and manage the impacts of our lending decisions through the application of our Social and Environmental Risk Policy (the Policy) and accompanying requirements including for 'sensitive sectors':

- ENERGY
- EXTRACTIVE INDUSTRIES
- FORESTRY AND FORESTS
- HYDROELECTRIC POWER
- MILITARY EQUIPMENT
- WATER

The Policy outlines the social and environmental factors to be taken into account by our bankers when considering large business[1] transactions. It incorporates our approach to human rights, including our 'zero tolerance' for land acquisition and involuntary resettlement that we consider improper, as well as labour rights issues such as modern slavery.

We review the Policy at least every three years, with oversight from our ERBC to ensure it remains fit-for-purpose. The review takes into account changes to customer practices, international standards, emerging social and environmental issues, and stakeholder feedback.

In 2023, we improved our credit risk assessment process via our Online Customer Profile platform by integrating our Social and Environmental Risk screening tool for large business customers. This allows us to improve our identification of financial and non-financial risks (including reputational risk) we may face through our customer activities, both at an individual customer level and across our portfolio. This year we have expanded our Climate Change Risk Assessment – see highlight box on page 39 for further details.

Due diligence

Prior to entering into a relationship with a large business customer or entering into any new material transaction, bankers are expected to consider the customer's management of its material social and environmental issues and any associated potential impacts. Bankers must also consider the customer's history of, and approach to dealing with, any potential (or historical) impacts.

Under our credit policy we review our large business customers at least annually. This includes the consideration of issues specified in our Social and Environmental Risk Policy and, where relevant, sensitive sector requirements. We expect our customers in all sectors to implement appropriate stakeholder engagement strategies and plans, and we have included this consideration in the Social and Environmental Risk screening tool.

The ERBC considers the social and environmental impacts of the industries, customers and communities ANZ serves. The ERBC is responsible for overseeing the ERBC Sub-Committee for sensitive wholesale transactions. The rationale for each decision relating to any escalated transactions is provided to the ERBC for oversight and information.

Further, we seek to apply enhanced due diligence and decision-making processes to customers and transactions in the energy sector via our Energy Transactions Escalation Process, see page 11 for further detail.

In line with our Social and Environmental Risk Policy we expect large business customers to use, or migrate towards, internationally accepted industry practices to manage social and environmental impacts, including potential impacts on nature including biodiversity. The Policy has accompanying requirements, including our Forestry and Forests and Water policies.

Through the application of our Forestry and Forests and Water policies, we seek to support customers who are improving their forestry and water management practices.

Our Land Acquisition Statement states that we will not knowingly support customer activities that significantly impact on culturally or environmentally sensitive areas, including: World Heritage Areas, wetlands on the Ramsar list, designated national parks and conservation areas, activities that threaten species listed in Conservation of International Trade in Endangered Species of Wild Fauna and Flora (CITES), the International Union for Conservation of Nature (ICUN) Red List of Threatened Species or relevant national legislation, activities that result in the broad-scale conversion of intact native forests and High Conservation Value Areas, or activities which are in breach of agreed international treaties and agreements.

1. Transactions involving our Institutional and Corporate customers.

Our Approach to the Energy sector, including Oil and Gas customers in extractive industries

We expect our existing business customers in higher-emitting sectors such as energy – which plays a key role in the transition, with around 75% of global emissions attributed to energy use[1] – to integrate climate change risk into their company strategies.

Specifically, for **the energy sector** (including integrated oil and gas companies involved in exploration, development and refining as well as low carbon energy solutions, thermal coal mining, and integrated power utility companies such as renewable energy and coal):

- We expect new customers or projects to disclose Paris-aligned business plans. This includes the extent to which their company strategy, emissions reduction targets and planned capital expenditure are aligned with the Paris goals.
- For existing customers or projects, by end 2025 we expect our energy customers to:
  - Establish specific, time bound, public transition plans and diversification strategies that are Paris-aligned.
  - Report transparently on climate risks and opportunities outlining how their business will be resilient in a range of climate scenarios, including scenarios aligned with the Paris temperature goals preferably using the Task Force on Climate-related Financial Disclosures (TCFD) framework.
  - Participate in industry initiatives that will contribute to reducing emissions, for example, in the oil and gas sector, capturing and storing methane in line with the Methane Guiding Principles[2].
  - Measure and disclose the Scope 3 emissions from use of their products and any progress in reducing those emissions.
  - Measure and disclose their progress in reducing emissions in their value chains – for example, by reducing emissions from shipping and distribution.

We may decline lending to projects and customers – new or existing – that do not meet our expectations for energy customers.

We are changing the mix of our energy financing portfolio, as we support our customers' expansion into low- or zero-emission technologies.

We acknowledge oil and gas are still needed as we transition, especially gas as 'firming' for renewable energy and in industrial use – considering the intermittent generation of renewables, gas will continue to play a balancing role. We continue to assess the role of oil and gas within the context of the broader energy market, public policy developments and stakeholder and shareholder expectations.

Our exposure to thermal coal will continue to decline in line with our new target to reduce absolute financed emissions from our lending directly to thermal coal by 100% by 2030, and our existing commitments, which includes no longer onboarding any new business customers with material thermal coal exposures, or directly financing new thermal coal mines or power plants.[3]

2030 oil and gas target absolute financed emissions reduction target and policy for oil and gas extraction

We have set a 2030 target to reduce the absolute financed emissions from our oil and gas portfolio by 26% from a 2020 baseline.

See page 53 for an update on our 2023 performance against the target and further details on key design choices we used to calculate our absolute financed emission reduction target, including actions to achieve it.

From 2024 we are enhancing our oil and gas policy for relevant customers in the extractive industries. Please see our Extractive Industries Policy on anz.com for further details.

1. Energy use includes transport in addition to the power generation sector. The percentage of global emissions from energy use is sourced from the International Energy Agency (IEA), Net Zero by 2050: A Roadmap for the Global Energy Sector, October 2021. **2.** Methane Guiding Principles. **3.** We will continue to provide rehabilitation bonds for those existing customers with some thermal coal exposure to ensure their responsibilities with exiting mine sites are fulfilled.

TCFD

Tools and Processes

The Social and Environmental Risk Policy (referred to on page 37) is supported by the application of tools and processes which apply to large business customers and transactions[1] (unless otherwise noted)

Social and Environmental Screening Tool	Facilitates qualitative risk assessment of potential reputational, social and environmental issues (including climate), considers stakeholder concerns and assesses the adequacy of management mitigation strategies for large business customers and transactions. Our policy requires the screening process is applied to all: • new customers; • material new transactions of existing customers; and • annual reviews. It should also be applied in the event of any serious credible allegations on social or environmental issues that involve our large business customers and transactions.
Reputation Risk Radar	A service which monitors certain reports of social and environmental, and significant governance incidents and allegations against existing and prospective ANZ customers. Notable incidents and allegations are referred, where appropriate, to our risk management forums in which social, environmental and credit risks are considered.
Climate Change Risk Assessment	Facilitates qualitative risk assessment of customers' exposure to potential physical and transition risks, the maturity of a customer's transition plan and understanding how our customers are managing and disclosing nature-related risks, including biodiversity loss. It also seeks to understand and quantify potential financial impacts of climate risks. Refer highlight box for further detail about how we are expanding the CCRA and the customer groups it applies to.
Enhanced Due diligence for energy sector customers (including Oil and Gas)	Facilitates identification of relevant transactions to be referred to senior subject matter experts to review alignment with ANZ's Climate Change Commitment. Where required, this includes escalation to senior executives for consideration. Refer page 11 for further detail.
Review and assessment of our Large Emitters Engagement Program	Facilitates engagement with our customers who are part of our Large Emitters Engagement Program. This involves an assessment of customers' transition planning. Refer page 22 for further detail.
Equator Principles	A risk management framework for determining, assessing and managing social and environmental risks in major projects such as mines, windfarms and pipelines for which we provide project finance. Refer to our ESG Supplement and ESG Data and Frameworks pack for further detail available at anz.com/esgreport

HIGHLIGHT

Climate Change Risk Assessment (CCRA)

The CCRA is an internal risk management tool used to help guide our engagement with customers. The CCRA includes an assessment of customers' exposure to potential physical risks and transition risks and the maturity of the customer in developing a transition plan. It also assists us in understanding how our customers are managing and disclosing their nature-related risks, including biodiversity loss.

It is acknowledged that customers' nature-related risks, including biodiversity loss, are increasing and it is expected that this element of ANZ's CCRA will continue to expand and evolve over time.

This year, the CCRA has been digitised and integrated into our credit risk assessment process via our Online Customer Profile platform, alongside our Social & Environmental Risk screening tool. Outcomes of the assessment are included in the credit process and help inform credit decisions.

The CCRA is being expanded beyond our Project Finance business starting with Institutional energy sector customers subject to the enhanced due diligence process and customers in our Large Emitters Engagement Program – refer to pages 81-84 for the 2023 ESG target update.

1. Transactions involving our Institutional and Corporate customers.

Monitoring climate regulation

ANZ operates in 29 markets, and one of our priorities is to ensure that we comply with climate regulation in the jurisdictions in which we operate.

This year we engaged an external provider to undertake an assessment comparing regulatory expectations across seven jurisdictions in which we operate: Australia, New Zealand, Singapore, Hong Kong, the United Kingdom, Europe and the USA. The assessment will help inform the integration of climate risk standards and obligations into our Non-Financial Risk Framework (NFRF) commencing from 2024. See the Risk section of our 2023 Annual Report for further details on the NFRF available at anz.com/annualreport.

The Australian Treasury has been consulting on the Federal Government's proposed mandatory climate-related financial disclosure regime. The regime is due to commence from 1 July 2024 and, under the current proposal, ANZGHL's first mandatory reporting period would be the financial year commencing 1 October 2024. ANZ is reviewing current processes, capabilities and structures to map and execute a roadmap for compliance with the regime across the Group.

In New Zealand, ANZ's Climate and Environmental Sustainability Programme continued this year to prepare for compliance with New Zealand's mandatory climate-related disclosure regime.

Both ANZ Bank New Zealand Limited and ANZ New Zealand Investments Limited are climate reporting entities (CRE) under the Financial Markets Conduct Act 2013 (FMCA).[1] Each entity has climate-related disclosure obligations under Part 7A of the FMCA and the Aotearoa New Zealand Climate Standards (NZ CS). ANZ Bank New Zealand Limited's first mandatory reporting period is the financial year ending 30 September 2024, and it intends to publish a voluntary climate report for the financial year ending 30 September 2023. ANZ New Zealand Investments Limited will publish climate statements commencing in 2024 in relation to its registered managed investment schemes.

Policy engagement

We play a role in sharing research and insights, enabling cross-industry collaboration and support, to help the economy to transition to net zero.

We contribute to the dialogue via the Treasurer's Investor Roundtable established in October 2022, which brings together some of Australia's largest superannuation funds, the major banks and global asset managers, to identify and overcome barriers to investment. The most recent Roundtable focused on aligning efforts to deliver cleaner, cheaper energy.

Refer to page 30 for detail of ANZ's involvement with the following organisations: Australian Sustainable Finance Institute, Toitū Tahua – Centre for Sustainable Finance, The Aotearoa Circle; and the partnership between ANZ and the Energy Efficiency Council.

ANZ Group is a member of a number of industry associations. We seek to contribute constructively to public policy formation and understand the perspectives of our community's elected representatives, policy makers and regulators. We contribute to policy on business, economic, social and environmental issues.

ANZ participates in working groups for example via the Australian Banking Association on climate, nature and climate scenario analysis and via ANZ UK we participate in the UK Financial Conduct Authority's Climate Financial Risk Forum, Climate Resilience working group. We have also made submissions to the Australian Treasury consultation on the Federal Government's proposed regime for mandatory climate disclosure.

We understand our stakeholders are interested in the position we take on issues such as climate and we periodically review our membership of industry associations that develop policies and undertake advocacy on these and other issues. Refer to our ESG Supplement at anz.com/annualreport for disclosure of our membership of key industry associations.

Integrating Climate Risk into Risk Appetite Statements

Risk appetite is informed by the requirements of our Social and Environmental Risk Policy[2] and ANZ's ERBC Sub-Committee for sensitive wholesale transactions, which provides oversight in relation to customer selection and lending decisions having regard to ANZ's purpose and Climate Change Commitment.

ANZ's Climate Change Commitment informs risk appetite for certain priority sectors in Institutional, which is reflected in sector-level lending criteria, including for resources, energy and large-scale commercial real estate sectors. New technologies and markets required to support the transition to net zero emissions may result in a change to our risk appetite across the Group, which we will continue to review and refine as appropriate.

Building on steps taken in previous years to refine our Risk Appetite Statements across the Group, we aim to introduce certain targeted metrics in 2024 which we expect will enhance monitoring of key areas of climate-related risk.

1. ANZBGL is considered a CRE in respect of its New Zealand business under Part 7A of the FMCA and is almost entirely covered by ANZ Bank New Zealand's climate statements. ANZBGL climate statements will include considerations for other assets not covered by ANZ Bank New Zealand's climate statements. ANZGHL is also considered a CRE, however the Financial Markets Authority (FMA) has agreed in principle to grant a class exemption for five years which applies to ANZGHL; this partial relief means ANZGHL will need to comply with reporting, assurance and record keeping obligations in respect of its New Zealand business operations or investments only, and only to the extent that it is not otherwise reported on by ANZBGL or ANZ Bank New Zealand. **2.** Institutional, including Corporate customers and see page 37 for further details.

TCFD

Data and Analytics – to support integration of climate-related risk

ANZ is participating in regulatory scenario assessments and stress tests, analysing the impact of certain climate risks to specific portfolios within the bank. ANZ is also engaging with industry bodies, consultants and third-party vendors to better understand data that could be used to assess and understand ANZ's and our customers' potential exposure to physical and transition risks.

The quality and availability of climate and nature-related data remains a challenge. This year ANZ developed an Environmental Sustainability (ES) data strategy to inform our approach to sourcing and integrating climate data in priority use cases.

We expect that the data strategy will help us to:

- develop a more coordinated, centralised approach to climate data that can be shared across divisions and jurisdictions in which we operate;
- understand our current data requirements, gaps and inter-dependencies across priority use cases;
- start to identify and build our ES data capability including climate-related risk capability;
- start to build and uplift ES capability in our processes and systems; and
- support informed decision making in relation to the assessment of certain customers'[1] ES risks, such as climate-related risks.

A data forum has been established to identify and prioritise ES data use cases across the Group. See pages 81-84 for further detail regarding our 2023 ESG Target update.

Informing our risk assessments

ANZ recognises that scenario analysis is a strategic tool that can help us to further identify, understand, assess, and manage potential climate-related risks, impacts and opportunities of physical and transition risk to the Group and our customers. Scenario analysis can also help us to understand sector and portfolio- vulnerabilities and inform risk assessments, strategic planning and decision making.

Our focus has been on participating in regulatory led scenario assessments and stress tests to build capability and to develop our understanding of the data requirements we need.

In 2021-2022 ANZ participated in the APRA Climate Vulnerability Assessment (CVA),[2] which assessed the potential impact of physical and transition risks to parts of our Australian mortgages, agriculture and business lending portfolios. The three key objectives of the CVA were to:

- assess potential financial exposure to climate risk;
- understand how banks may adjust business models and implement management actions in response to different scenarios; and
- foster improvement in climate risk management capabilities.

Data was provided by APRA to support the completion of the CVA. The approach included physical and transition risk impacts arising from two climate scenarios and included both portfolio and counterparty assessments.

The CVA used two future climate scenarios as the foundation for assessing potential physical and transition risk impacts, which were aligned to the internationally recognised scenarios developed by the Network for Greening the Financial System (NGFS): a Current Policies Scenario and Delayed Transition Scenario. The Current Policies Scenario assumed that only currently implemented policies are preserved, leading to global warming of more than 3°C with emissions continuing to be elevated beyond 2050. The Delayed Transition Scenario assumed delayed policy action on climate change, followed by a rapid reduction in emissions after 2030, consistent with limiting global warming to below 2°C.

APRA published the results of the CVA in November 2022. The CVA Information Paper which reports the results in more detail states that climate-related lending "… would be impacted under the climate scenarios that were evaluated. However, in the absence of a severe deterioration in macroeconomic conditions, these losses are unlikely to rise to a level that would result in severe stress for the banks."[3]

The CVA Information Paper notes that the results "indicate that the impacts would be different for each of the two climate scenarios. In addition, the results also varied by bank, by region and sector, and over time. The results provided by the banks for the counterparty assessments suggest that counterparty credit ratings can be negatively impacted under each of the climate scenarios."[4] This was "more prominent" under the Delayed Transition Scenario for counterparties in emissions intensive sectors (e.g. fossil fuel extraction and related businesses, mining and certain utilities).[5]

Across 2022 and 2023, ANZ Bank New Zealand participated in the Reserve Bank of New Zealand's first climate sensitivity analysis, identifying areas of vulnerability exposed to physical and transition climate risks, specifically for the residential and agriculture credit portfolios.

This year, ANZ Bank New Zealand was also one of five banks that participated in the Reserve Bank of New Zealand's 2023 Climate Stress Test. ANZ Bank New Zealand will seek to integrate learnings and insights from these programs into their risk management processes.

We are participating in the 2023-2024 Hong Kong Climate Risk Stress Test developed by the regulator, Hong Kong Monetary Authority. Our focus in this stress test is on a short-term scenario, which features both climate-related shocks and a macroeconomic downturn.

Given ANZ operates across 29 markets, we expect the number of stress test exercises we participate in will increase over time. ANZ considers that participation in these stress tests will help to inform an approach to scenario analysis that can be applied by the Group and adjusted at a country-level.

ANZ is also prioritising scenario analysis within our ES data strategy.

1. Institutional, including Corporate customers. **2.** The CVA was carried out by Australia's five largest banks. **3.** APRA – Information Paper – Climate Vulnerability Assessment Results, November 2022, page 8. **4.** APRA – Information Paper – Climate Vulnerability Assessment Results, November 2022, page 8. **5.** APRA – Information Paper – Climate Vulnerability Assessment Results, November 2022, page 33.

TCFD

Initial steps we are taking to consider physical risk to residential and agricultural sectors

Residential home loans – Australia

During this financial year, some customers in Australia were affected by floods and severe storms. While homes were unfortunately lost, most customers were protected by an insurance policy (in accordance with their home loan contract) which limited losses to the Group. As at 30 September 2023, these events had not resulted in material credit related impacts in our retail home loans portfolio.

ANZ is engaging with external vendors to continue to explore climate-related physical risk data, tools and solutions to help identify, assess and manage potential physical risks to the residential home loans portfolio and to develop geospatial assessment capability.

Residential home loans – New Zealand

Climate can be expected to have varying levels of impact on our customers' properties and financial resilience. This year ANZ Bank New Zealand assessed the risk to New Zealand residential properties secured with an ANZ home loan from two different types of flooding – coastal and inland.

The ANZ Bank New Zealand assessment used third-party data from New Zealand's National Institute of Water and Atmospheric Research and Moody's RMS[1] to understand the potential risk across different climate scenarios and flooding severities.

Having completed this analysis in 2023, ANZ Bank New Zealand is now seeking to better understand where financial vulnerabilities may exist, and how it can respond to these risks and support customers.

Results from this assessment will be reported by ANZ Bank New Zealand in its 2023 climate-related disclosure.

Agricultural sector – Australia

Agriculture is an important part of our business.

We expect some customers have faced and will continue to face challenges attributable to the impacts of climate change. For example during extended drought, farmers may have a reduced ability to repay their loans due to disruptions to business and economic activity and/or impacts on income and asset values and thus represent a credit risk to ANZ.

Climate variability assessments are part of agriculture credit writing procedures for new customers, existing customers buying additional property, and any customer in a region identified by ANZ as affected by drought. We work with our Agriculture customers to seek to limit the occurrence of financial stress caused by climate variability (acknowledging that climate-related risk is likely to change over time). In Australia, we use Australian Bureau of Meteorology (BoM) data to determine the short-term (under 12 months) weather outlook. We examine variability in average annual rainfall in recent decades to see how climate change may affect the suitability and volatility of farming in given regions. This process helps inform ANZ's strategic decision making, as well as credit risk appetite.

Customers identified by ANZ as potentially being less resilient to climate change may be subject to enhanced underwriting standards – for example, loan approval may be dependent on a lower loan to valuation ratio, higher repayments or evidence of savings.

We recognise the need to understand how customers manage their land and natural environment, including our customers' plans for a changing climate.

Refer to the Metrics and Targets section of the report at page 75 where we have this year set a data coverage target for our Large Institutional Agribusiness Customers to encourage and support the provision of high quality and comparable emissions data across the sector.

Physical risk to ANZ's operations

ANZ operates across Australia, New Zealand, Asia Pacific, Europe and America. Countries in these regions are vulnerable to extreme weather events, such as those that occurred in 2022-23 resulting in flooding along the eastern seaboard of Australia and Cyclone Gabrielle in New Zealand. While on occasion these events can cause damage to ANZ property and infrastructure, our Business Continuity and Disaster Recovery Plans are in place to support alternative banking arrangements for the communities affected.

Physical risks associated with climate change, such as damage to ANZ's physical assets or business disruption due to the occurrence of natural disasters, are identified, assessed, and managed through ongoing application of our Operational Risk Management Framework.

This year, ANZ conducted a climate risk assessment, with a primary focus on evaluating the climate physical risks associated with our Group-wide property network. Our goal was to gain a deeper understanding of the potential risks and challenges posed by the physical impacts of climate change on our data centres, retail branches and commercial centres.

To guide our assessment, we used climate projections from the latest Intergovernmental Panel on Climate Change (IPCC) assessment report. These projections helped us to identify how climate variables are changing and the potential impact on our business operations by the years 2030 and 2050.

Having gained valuable insights, such as a better understanding of the potential physical climate risks and impacts to our property portfolio, we have commenced a process to evaluate the effectiveness of the existing controls for how we manage physical climate risks within our network.

By undertaking this initiative, our objective is to safeguard the ongoing resilience of our property network into the future.

1. A global provider of climate hazard data and insurance risk modelling.

METRICS AND TARGETS

We are committed to transition all operational and financed carbon emissions from our lending portfolio to net zero by 2050.

For ESG targets, including operational footprint, see page 81-84.

ANZ's Sectoral Metrics and Targets[1]

	Sectors	2030 Interim Target Reduction	Status	Page
Energy	1. Power generation	50% (2020 baseline)	ON TRACK	51
	2. Oil and gas	26% (2020 baseline)	ON TRACK	53
	3. Thermal coal **(new)**	100% (2020 baseline)	ON TRACK	55
Transport **(new)**	4a. Auto manufacturing	28% (2022 baseline)	ON TRACK	57
	4b. Aviation	30% (2019 baseline)	ON TRACK	59
	4c. Shipping	10% (2022 baseline)	ON TRACK	61
Manufacturing	5. Aluminium	30% (2021 baseline)	NOT ON TRACK	63
	6. Cement	20% (2021 baseline)	ON TRACK	65
	7. Steel	28% (2021 baseline)	CLOSE TO ON TRACK	67
Buildings	8a. Large-scale commercial real estate[2]	60% (2019 baseline)	ON TRACK	69
	8b. Residential home loans **(new)**		N/A: BASELINE	71
Other	9. Large Institutional Agribusiness Customers **(new)**	100% of LIAC customers	N/A: NEWLY INCLUDED	75
	Total portfolio **(new)**		N/A: COMPLEMENTARY METRIC	76

- >10% above pathway
- <=10% above pathway
- On or below pathway

1. See sectoral pathways (pages 49 to 77) and page 80 for further information. **2.** Actual Performance Against our Large-scale commercial real estate Target up to end 2022.

TCFD

TCFD-RELATED METRICS AND INDUSTRY EXPOSURES

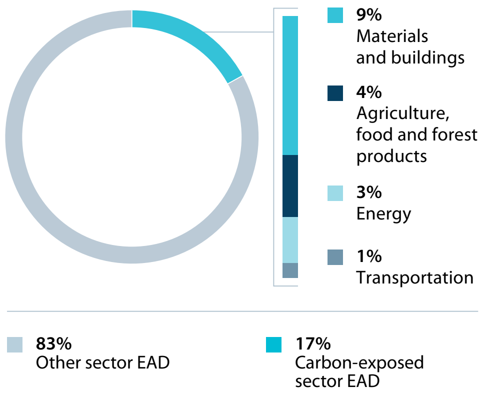
We continue to disclose our credit metrics and exposure to various sub-industries in four key sectors identified by the TCFD to be most exposed to climate-related risks:

- Energy;
- Transportation;
- Materials and Buildings; and
- Agriculture, Food and Forest Products.

This is in response to the TCFD recommendations that "banks should describe significant concentrations of credit exposure to carbon related assets" and provide a breakdown of this data by industry, geography, credit quality and average tenor.

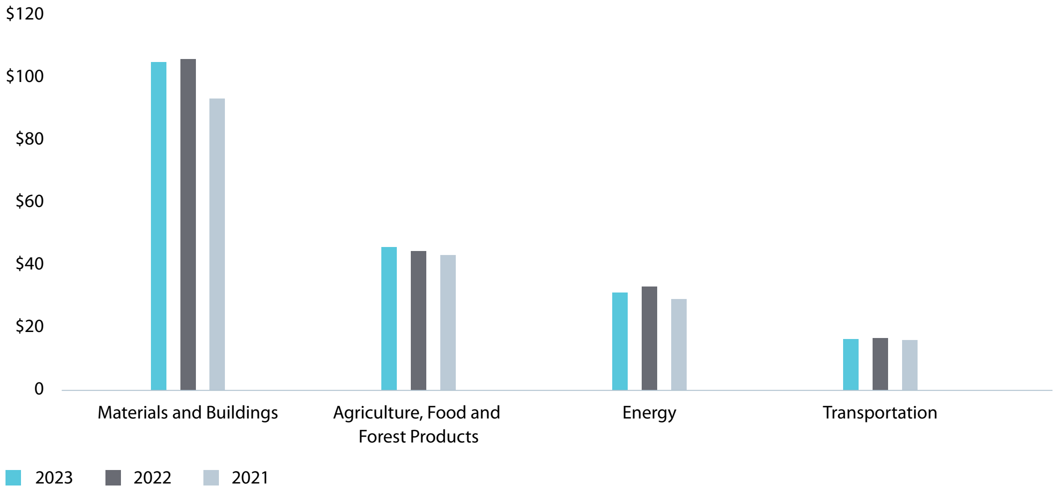
Our overall exposure to these four sectors is around 17% of the Group exposure at default (EAD)[1], down from approximately 18% in 2022 (approximately 16% in 2021). The remaining Group EAD is financing sectors outside the four identified by the TCFD.

EAD breakdown for carbon exposed sectors – 2023 ($bn/%)



The decrease in exposure was driven by the Energy and Materials and Buildings sectors, which were partially offset by an increased exposure to Agriculture. The decrease in Energy sector this year was due to lower exposures to the electricity and oil and gas sectors. A small uptick in exposure to coal was driven partly by the APRA capital reforms during the year, and was not a result of any new lending to thermal coal. Since 2015, we have reduced our direct lending to thermal coal mining by around 85% – it is now around 0.02% of our Group EAD – while our direct lending to renewables projects has increased by around 49% during the year. See sectoral pathways on pages 49-77 for details around the key drivers impacting our exposures. Decreases in Materials and Buildings and Energy was driven in large part by APRA capital reforms; see page 47 for an explanation of the impact of APRA's capital reforms. The movement in Agriculture is largely driven by an increase in lending to our customers in this sector; compounded by changes in foreign exchange rates to our NZ portfolio.

EAD trends for climate exposed sectors ($bn)



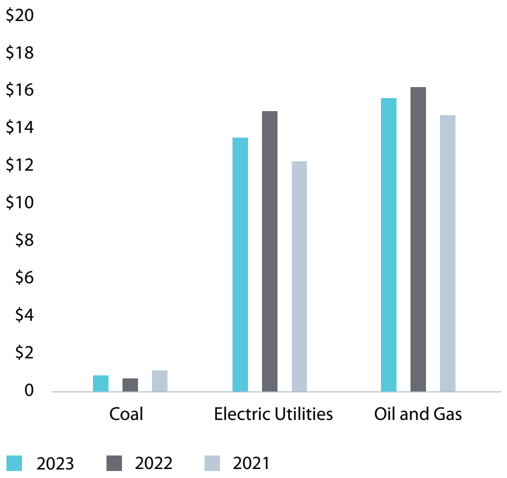
In terms of credit metrics, there was a small decrease in the percentage of exposures rated as investment grade with 57% of our exposures across the four sectors achieving this benchmark in 2023 compared to 58% in 2022 (52% in 2021). Our non-performing loans across the four sectors was the same as last year with 0.5% of sector EAD overall. The overall trend of low and decreasing rates of non-performing loans remains evident across the four sectors. The consistently low levels of non-performing loans across the four sectors identified by the TCFD indicate that transition and physical risks of climate change have not yet manifested as material credit losses for ANZ.

Industry groups and credit quality[2]	Exposure at Default ($bn)			Non-performing Loans (% of sector EAD)[3]			Investment Grade (% of sector EAD)		
Sector	**2023**	**2022**	**2021**	**2023**	**2022**	**2021**	**2023**	**2022**	**2021**
Agriculture, Food and Forest Products	44.1	42.9	41.7	0.9	1.1	1.4	44.1	43.8	36.5
Energy	29.9	31.7	27.9	0.1	0.1	0.1	90.3	89.3	85.1
Transportation	15.9	16.1	15.5	0.3	0.4	1.7	72.8	66.7	67.2
Materials and Buildings	103.9	104.7	92.3	0.5	0.4	0.5	50.0	52.5	47.2
Total	193.8	195.4	177.4	0.5	0.5	0.7	56.7	57.8	52.4

1. EAD excludes amounts for 'Securitisation', and for 'Other assets' prior to March 2023 (included from March 2023 due to the implementation of APRA's new capital framework), whereas CRWA is inclusive of these asset classes, as per APS 330. EAD data provided is on a Post CRM basis, net of credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral. **2.** Values may not add to totals due to rounding. **3.** Non-performing loans have been restated to align with APS 220.

This year, we continue to disclose a more detailed industry and sub-industry breakdown of our exposures to the four sectors identified by the TCFD.

Subsector trends in EAD – Energy ($bn)



Climate exposed sub-industry	Exposure at default ($bn) 2023	2022	2021
Agriculture, Food and Forest Products	**$44.1**	**$42.9**	**$41.7**
Agriculture	$31.5	$30.2	$30.6
Beverages	$4.0	$3.5	$3.3
Paper and Forest Products	$1.0	$0.8	$0.8
Packaged Foods and Meats	$7.6	$8.4	$7.0
Energy	**$29.9**	**$31.7**	**$27.9**
Coal[1]	$0.9	$0.7	$1.1
Electric Utilities[2]	$13.5	$14.9	$12.3
Oil and Gas[3]	$15.5	$16.1	$14.6
Transportation	**$15.9**	**$16.1**	**$15.5**
Air Freight	$3.1	$3.0	$3.0
Automobiles	$4.4	$5.4	$4.5
Maritime Transportation	$1.4	$1.6	$1.5
Passenger Air	$0.3	$0.1	$0.2
Rail Transportation	$1.8	$1.7	$1.8
Trucking Services	$4.9	$4.3	$4.5
Materials and Buildings	**$103.9**	**$104.7**	**$92.3**
Capital Goods	$21.2	$21.4	$17.3
Chemicals	$3.5	$2.8	$2.1
Construction Materials	$1.3	$1.3	$1.3
Metals and Mining	$8.0	$8.6	$7.2
Real Estate Management and Development	$69.9	$70.6	$64.4
Grand Total	$193.8	$195.4	$177.4

1. Coal mining includes exposures to metallurgical (coking) coal used for steel making $0.65bn and thermal coal used for energy generation $0.26bn. Rehabilitation bonds will continue to be provided to existing customers with some thermal coal exposure to ensure their responsibilities with exiting mine sites are fulfilled. The purpose of a rehabilitation bond is related to environmental remediation and not financing of the coal mining activity itself. As at 30 September 2023, rehabilitation bonds were $169m, which equates to 64.7% of our exposure to thermal coal mining under ANZSIC code 1102. Australian and New Zealand Standard Industrial Classification (ANZSIC) has been developed for use in the compilation and analysis of industry statistics in Australia and New Zealand. The Australian Bureau of Statistics and Statistics New Zealand jointly developed this classification to improve the comparability of industry statistics between the two countries and with the rest of the world. **2.** Electric utilities includes exposures to electricity generators that own or operate a mix of thermal and renewable generation assets as well as transmission and distribution infrastructure. **3.** Exposure to oil and gas includes all of the oil and gas value chain such as exploration, extraction, transport, refining and retail. ANZ's Full Year Results Investor Discussion Pack includes exposure to "upstream" exploration and extraction only as the focus is on resources (mining) exposure in line with ANZSIC industry groupings.

TCFD

OUR APPROACH TO SECTORAL PATHWAYS

Financed portfolio emissions

This section explains how our financing[1] is responding to the impacts of climate change. It includes our progress towards transitioning nine of our highest emitting sectors in line with the goals of the Paris Agreement, how we engage with customers to help them in their transition towards net zero, and our work to assess and manage climate risks.

This year, we are disclosing our progress against our existing pathways in six key sectors and setting four new pathways and targets in two more sectors: the thermal coal sector and for the transport sector, within three sub-sectors: auto manufacturing, aviation and shipping.

We aim to progressively expand our coverage of key sectors up to end 2024, in line with our NZBA commitment and the evolution of globally recognised standards and methodologies. We expect that by end 2024 we will have established pathways and targets for up to nine sectors representing at least 75% of our financed emissions.

Actions to achieve our targets

We discuss our sectoral pathways customers' progress as part of our large emitters engagement program, outlined on pages 22-24 of this report. The achievement of our targets will partly depend on our success in engaging with these customers to seek improved transition plans, including seeking "Paris-aligned" targets and whether they are on track to meet these targets.

We acknowledge that in some cases, supporting customers' transition plans may mean the emissions intensity of our portfolio goes up for a period. We consider this is the appropriate step for us to take to support real-world reductions in emissions over the longer term, provided those customers have, or are in the process of developing, robust and credible transition plans which we aim to progressively assess for customers within those pathways.

As our customers gradually electrify, retrofit or bring online lower emissions production assets, and switch to alternate fuels, we expect to see the emissions intensity of our portfolios (for relevant targets) decline towards our 2030 targets. In Australia, the Government's Safeguard Mechanism is intended to assist in the decarbonisation of higher emitting sectors, however for some of our sectors such as steel, our customers' facilities are geographically distributed in Asia as well as Australia. Further, we note concerns in some industries, such as cement that the Safeguard Mechanism may incentivise emissions leakage to occur via a shift to imported materials.

Finally, each sector will have different challenges and opportunities, which we have outlined in more detail in the 'actions to achieve targets' of each of the sectors below.

Key elements of our approach to sectoral pathways

In building our approach to our portfolio financed emissions, and their associated targets and pathways, we considered the following important key elements:

- Science-based targets
- Decision useful metrics
- Best available data

Science-based targets

In setting our sectoral pathways and targets, we have referenced the International Energy Agency's (IEA) Net Zero Emissions by 2050 World Scenario (NZE 2050) for power generation, oil and gas, steel and cement, along with other relevant sector-specific, science-based scenarios in other sectors (details provided in the discussion of individual sectoral targets and pathways on the following pages). While we have used the IEA's 2021 data as a benchmark, we are aware the NZE 2050 was updated in late September 2023. Given we intend to review each pathway at least every five years in line with NZBA guidance, we will consider any updates to the NZE 2050 or other industry scenarios as part of that review, which we anticipate would be completed by end 2025 given we set our first targets in 2021.

We are also guided by the Global GHG Accounting and Reporting Standard for the Financial Industry published by the Partnership for Carbon Accounting Financials (PCAF) to assess data quality, and for calculation methods. The use of science-based scenarios and methodologies ensures our targets are, at a minimum, aligned with the goals of the Paris Agreement.

1. Our pathways are based on our lending portfolio, which does not include facilitated emissions eg. debt capital markets facilitation. As at October 2023, suitable standards to allow financial institutions to calculate facilitated emissions are still under development.

Decision useful metrics

For each sector, we have defined a relevant metric and set specific targets and pathways, disclosed below. These targets and pathways will help provide guidance for our business teams who make decisions on how we finance customers in these sectors. These pathways are providing an important input to our decision making as we seek to meet our interim 2030 targets.

Our choice of an emissions intensity target recognises that for relevant sectors, such as aluminium, cement and steel they are likely to be key materials that will be used in technologies essential for the transition to net zero emissions.

For some sectors, we have disclosed additional, or complementary metrics, that we consider useful to inform our decision making.

Best available data

Developing and reporting metrics is a new and evolving practice, which depends on good quality data. We aim to source the highest quality data available, recognising that data limitations exist even in sectors with well-established reporting protocols. To maximise the quality of the data we used to calculate our financed emissions, we are guided by the Global GHG Accounting and Reporting Standard for the Financial Industry published by the PCAF, and have provided data quality scores for absolute emissions of relevant sectors, including steel, aluminium, cement, and oil and gas. We continue to develop our methodologies to improve data quality where required, as better quality data becomes available.

Use of Exposure at Default (EAD)

ANZ has taken a conservative approach in calculating our financed emissions by using EAD instead of the outstanding amount of loans and investments. EAD represents the Group's exposure to each sector based on APRA's calculation formula which includes total committed loans (drawn plus a proportion of off-balance sheet exposures as specified by APRA).

This is a departure from the PCAF recommended approach, which recommends including the outstanding amount of loans and investments ie. excluding undrawn amounts.

While this approach means that we are attributing a higher proportion of our customers' emissions, we consider this provides a more accurate representation of our support to our customers and the transition risks that we are potentially exposed to. The choice of the committed loan amount, rather than the outstanding amount, also helps minimise the risk of volatility in customer drawdowns that may impact the achievement of our targets.

APRA's capital reforms

In January 2023, ANZ implemented the Australian Prudential Regulatory Authority's (APRA) Basel IV rules for the calculation of capital. The implementation of these rule changes the way EAD is calculated. The actual impact will vary from sector to sector depending on product mix. For example, for the power generation portfolio the impact has been a decrease in EAD. The actual impact on the power generation emissions intensity metric is however negligible, given it is derived from a portfolio-weighted average, and not an absolute emissions measure. This means even though our portfolio EAD has decreased, the relativity of exposures across generation assets / companies with different emissions intensities has not changed materially.

In general the explanation above about the materiality of the rule changes on EAD is applicable to the sectors in respect of which we have set emissions intensity metrics. For our oil and gas sector there are specific impacts from APRA's capital reforms, which are explained in more detail on page 54.

TCFD

Sectoral value chain activity coverage

Our sectoral pathways and targets cover eight sectors, including three sub sectors, in the chart below, which also highlights the part of each sector's value chain on which we focus.

Power Generation	Generation	Distribution	Electric Off-takers			
Oil and Gas	Upstream	Mid and Downstream (integrated companies only)	Trading			
Thermal Coal	Mining	Transport	Power generation			
Transport – Auto Manufacturing	Suppliers	Auto manufacturers	Auto services			
Transport – Aviation	Suppliers	Airplane manufacturers	Airline services			
Transport – Shipping	Suppliers	Ship manufacturers	Shipping operator / owners	Recycling		
Aluminium	Bauxite mining	Alumina refining	Aluminium smelting	Processing, rolling and extrusion	Manufacture of products	Recycling
Cement	Suppliers	Production	Concrete bagging, ready mix and precast	Recycling		
Steel	Mining iron and metallurgical coal	Transport	Production	End-users	Recycling	
Large-scale Commercial Real Estate	Suppliers	Construction	Owners	Tenants	Maintenance	Recycling

Part of value chain within target scope Not in scope

TCFD

PORTFOLIO EMISSIONS PATHWAYS
PERFORMANCE DASHBOARD

Energy

Power generation

Go to page 51

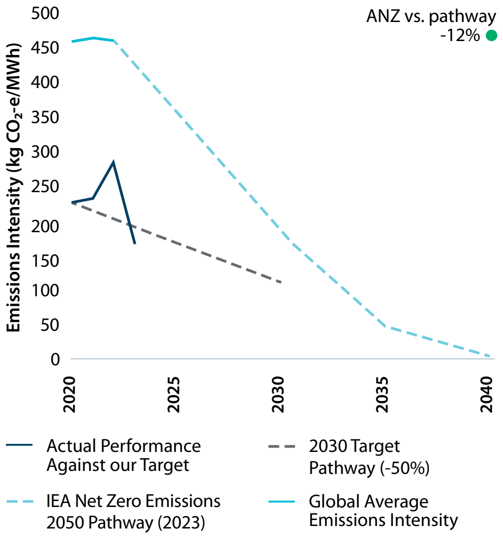
Oil and gas

Go to page 53

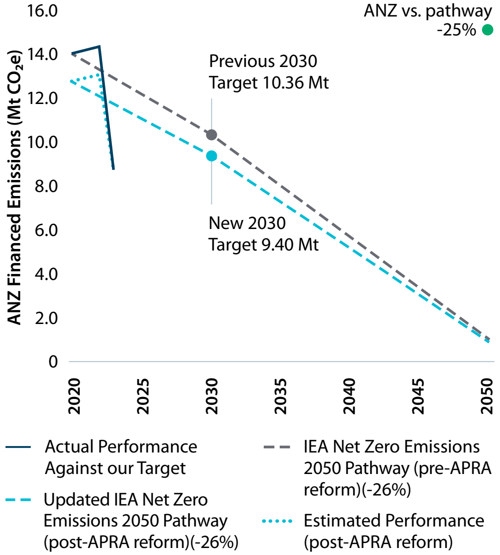
Thermal coal

Go to page 55

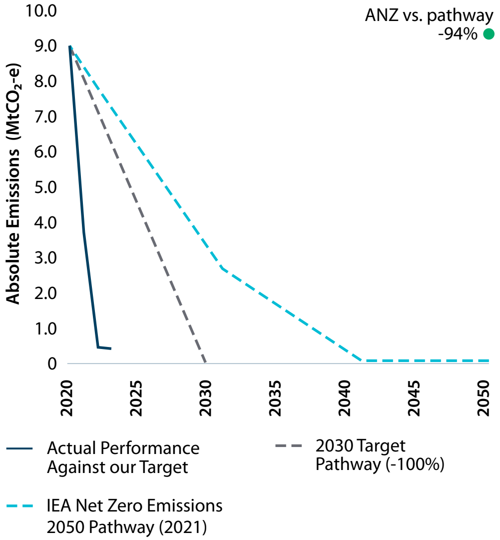
Power generation



Oil and gas



Thermal coal



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Auto manufacturing

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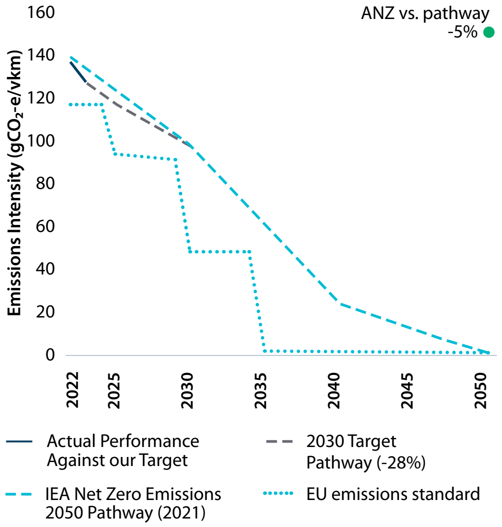
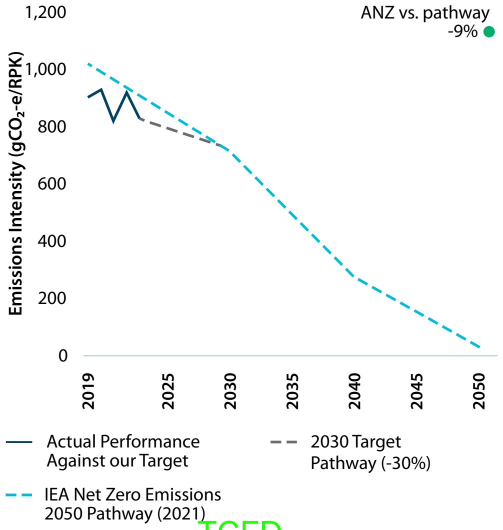
Auto manufacturing



Aviation



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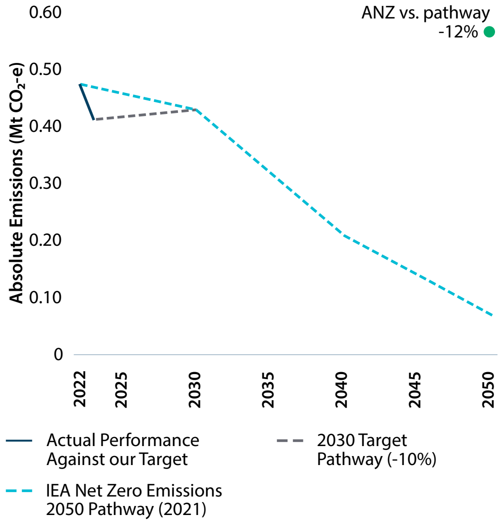
Shipping



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Aluminium

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Cement

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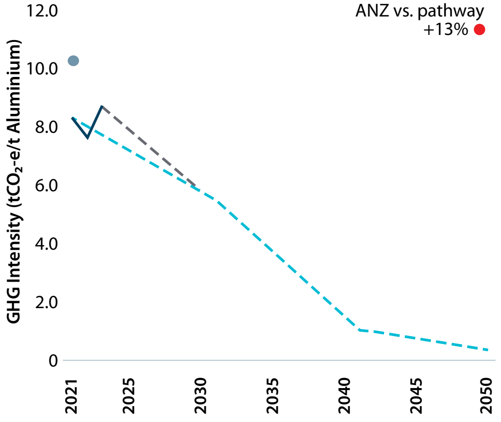
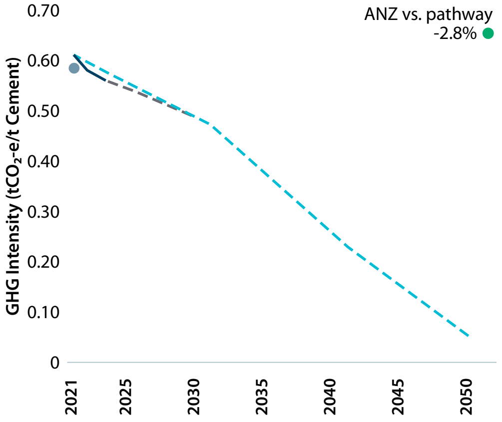
Aluminium



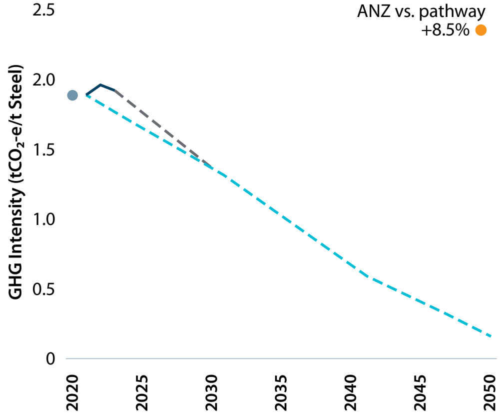
Actual Performance Against our Target
2030 Target Pathway (-30%)
International Aluminium Institute 1.5°C Pathway
Global average International Aluminium Institute 1.5°C Pathway

Cement



Actual Performance Against our Target
2030 Target Pathway (-20%)
IEA Net Zero Emissions 2050 Pathway (2021)
Global Average IEA Tracking Report 22

Steel



Actual Performance Against our Target
2030 Target Pathway (-28%)
IEA Net Zero Emissions 2050 Pathway (2021)
World Steel 2020 Average Emissions Intensity

Buildings

Large-scale commercial real estate – office buildings

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Large-scale commercial real estate – shopping centres

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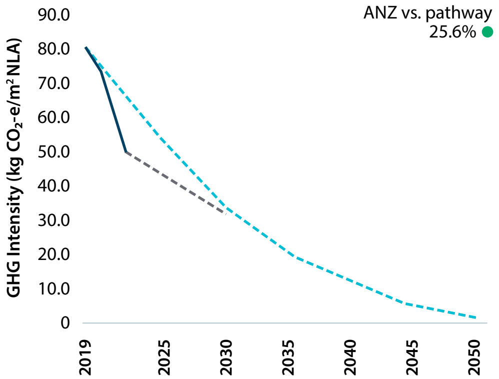
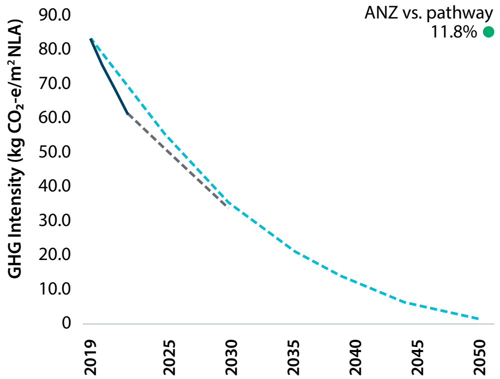
Large-scale commercial real estate – office buildings



Actual Performance Against our Target up to end 2022
2030 Target Pathway (-60%)
IEA Beyond 2°C Scenario (B2DS) Alignment Pathway

Large-scale commercial real estate – shopping centres



Actual Performance Against our Targetup to end 2022
2030 Target Pathway (-60%)
IEA Beyond 2°C Scenario (B2DS) Alignment Pathway

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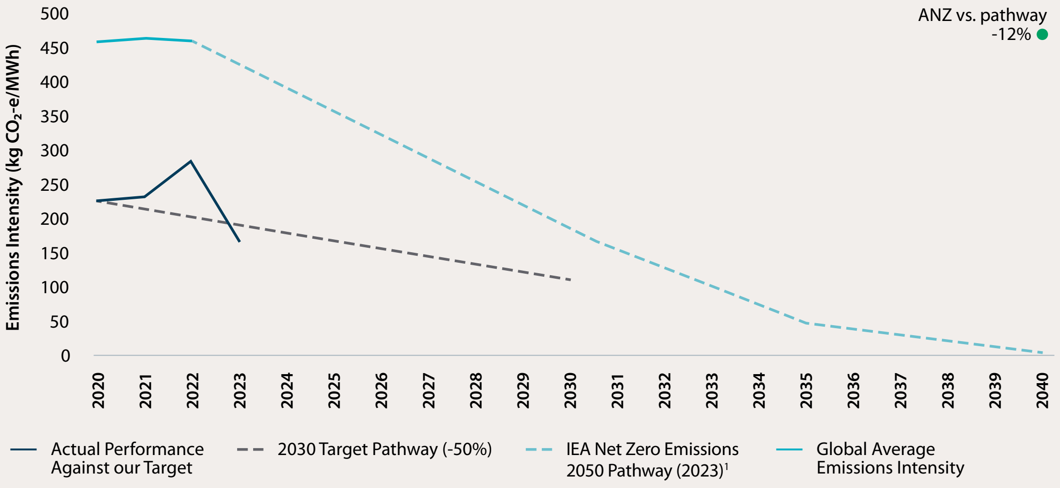
ENERGY

Power generation

Graph 1.1: Power generation



Power Generation Metrics Summary

Metric	2020	2022	2023
Emissions intensity (kg CO_2-e/MWh)	225[2]	284[3]	169
Absolute financed emissions (Mt CO_2-e)	Not calculated	Not calculated	5.28
Portfolio-wide intensity (kg CO_2-e/$ lent)	Not calculated	Not calculated	0.56
Data Quality Score[4]	Not scored	Not scored	1.48

Current EAD $bn (% of Group EAD)	9.35 (0.80%)

The key design choices we used to calculate our 2030 power generation emissions intensity target are summarised in Table 1 below.

Table 1 – Key design choices in calculating 2030 power generation target

2030 Target	• 50% reduction in emissions intensity from 2020 baseline
ANZ Customers Included	• Companies that own or operate one or more electricity generation facilities that dispatch electricity into transmission grids, and that we have more than $1m exposure at default (EAD) at the end of our financial reporting year (September 30)[5]
Emissions Included	• Scope 1 (from electricity generation activities only)
Metric	• Emissions intensity of electricity generation (kgCO_2-e/MWh)
Financing Activities Included	• Exposure at default. This represents the Group's exposure to each sector based on APRA's calculation formula which includes total committed loans (drawn plus a proportion of off-balance sheet exposures as specified by APRA)
Attribution Approach	• Portfolio-weighted approach (based on the ratio of ANZ's financing to individual customers relative to ANZ's total financing to the power generation sector)
Benchmarking Scenario	• International Energy Agency (IEA) Net Zero Emissions by 2050 World Scenario (NZE 2050) (2021)
Key External Data Sources	• Customer disclosures • Australian Clean Energy Regulator • International Energy Agency • Asset Impact[6]

The information in this section should be read together with our disclaimer and important notices available *here* and our Financed Emissions Methodology available *here*.

1. International Energy Agency, *World Energy Outlook 2023*. **2.** This is a restatement of the 2020 baseline we reported in 2022 of 237 kgCO_2-e per MWh. **3.** This is restatement of the 2022 performance figure we reported in 2022 of 314 kgCO_2-e per MWh. **4.** The data quality score was calculated in accordance with guidance made available by the Partnership for Carbon Accounting Financials (PCAF) in the *Global GHG Accounting and Reporting Standard for the Financial Industry – Part A* (available here). **5.** Excludes captive power generation facilities that are not connected to an electricity grid. **6.** Asset Impact.

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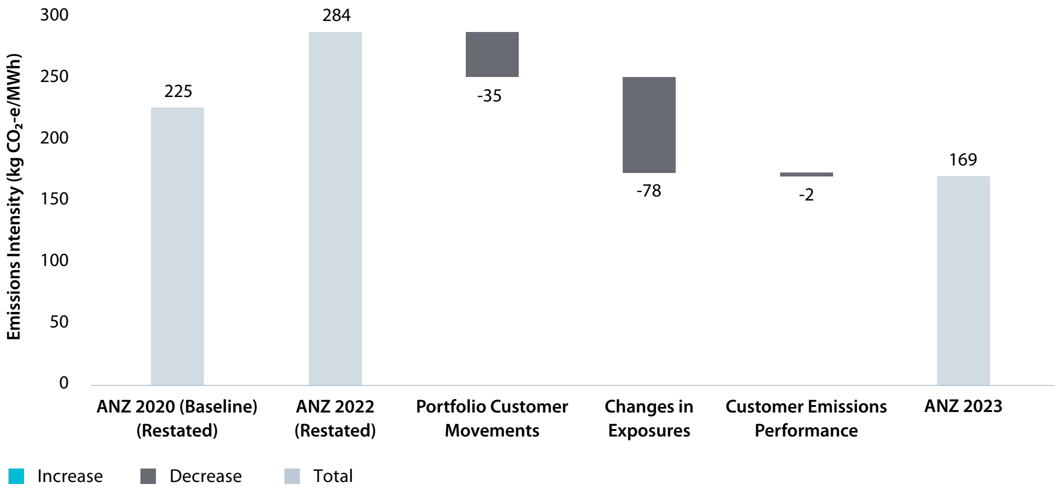
POWER GENERATION (CONTINUED)

Performance against target

Graph 1.2 – Power generation portfolio emissions intensity movements



The emissions intensity of our power generation portfolio has declined substantially over the past year – from 284kgCO_2 per MWh in 2022[1] to 169 kgCO_2 per MWh – a 41% reduction. This is 25% below our 2020 baseline of 225kgCO_2 per MWh[2] and 12% below our target pathway, putting us back on track to meet our target of halving the emissions intensity of our portfolio by 2030. Our portfolio remains well below the global average emissions intensity of 460 kgCO_2/MWh,[3] which needs to reach net zero emissions by 2040 to stay aligned with the 1.5°C temperature ambition of the Paris Agreement.

There are several reasons for the decrease in emissions intensity of our portfolio during 2023:

- The largest contributing factor was the repayment of short-term facilities we provided to customers in 2022 to help them manage unprecedented volatility in Australia's National Electricity Market. It was this support of existing customers that was the primary cause of the large spike in emissions intensity of our portfolio during 2022.
- We have also continued to steer our portfolio towards more sustainable energy sources in 2023 with 2.3GW of new renewables capacity coming online during 2023 that we helped to finance – including 1GW in Australia. This brings to 42%, the proportion of our power generation portfolio that is fully dedicated to renewable projects or companies whose generation facilities were entirely composed of renewable technologies (% of total exposure).
- We are also continuing to support customers demonstrating a strong commitment to transition their portfolios to sustainable energy sources and away from fossil fuels which is critical to achieving real-world reductions in emissions over the longer term.

Actions to achieve 2030 target

Since 2018, ANZ has been engaging with its largest emitting business customers, including 12 that own or operate power generation assets. Our engagement with these customers has been focused on encouraging them to strengthen their low carbon transition plans, and we have seen a number of customers improve their plans over this period. While improvements in our customers' emissions performance made a small contribution to the overall decline in the emissions intensity of our portfolio during 2023, we expect larger declines to come in future as our customers gradually bring online new clean generation capacity and retire their existing fossil fuel assets. More information about our engagement approach is available on pages 22-24.

We are actively managing our power generation portfolio in a way that will support the achievement of our 2030 target. To assist with this portfolio steering towards lower emitting projects and customers, we apply specific policy measures that are differentiated between existing and new customers, as detailed in our energy policy.

ANZ continues to grow our direct lending to renewable energy projects as part of our drive to fund and facilitate at least $100 billion by 2030 in social and environmental outcomes through customer activities and direct investments by ANZ, includes activities to protect nature and biodiversity. See page 20 for more detail.

Opportunities for emissions reduction and challenges

Power generation is currently the largest source of CO_2 emissions globally, accounting for almost 40% of all energy related CO_2 emissions.[4] While installation of wind and solar PV continues to grow strongly, emissions from the power sector reached an all-time high in 2022 and are not currently on track to reach net zero milestones.[5]

A global tripling of renewable energy capacity by 2030[6] has therefore been identified as the most important contributor to emissions reductions that would put the energy sector on a pathway to limit warming to 1.5°C. This needs to be supported by a ramping up of electrification and a doubling in the pace of energy efficiency improvements that will all be important contributors in driving down fossil fuel demand.

To support the delivery of these key milestones, the IEA has identified the need for significant scaling up of investment in clean energy by 2030, with the ratio of investment in fossil fuels to investment in clean energy technologies rising from 1:1.8 in 2023 to 1:10 by 2030 under its Net Zero Emissions Scenario.[7]

Our choice of an emissions intensity reduction target recognises that under 1.5°C aligned scenarios, there is a need for substantially more electricity to be generated in 2050 compared with today. The additional demand is met mainly by low emissions sources of electricity while the share of unabated fossil fuels declines sharply. Because the power sector is critical to decarbonise other sectors of the economy, like transport, industry and buildings, it needs to be the first to reach net zero emissions, before 2045.

1. This is restatement of the 2022 performance figure we reported in 2022 of 314 kgCO_2-e per MWh. **2.** This is a restatement of the 2020 baseline we reported in 2022 of 237 kgCO_2-e per MWh, however we have retained our 50% reduction target meaning that our 2030 target has now declined to 113 kgCO_2-e per MWh. **3.** International Energy Agency, World Energy Outlook 2023 (p281). **4.** IEA, World Energy Outlook 2023. **5.** https://www.iea.org/energy-system/electricity. **6.** IEA, World Energy Outlook 2023. **7.** IEA, World Energy Outlook 2023.

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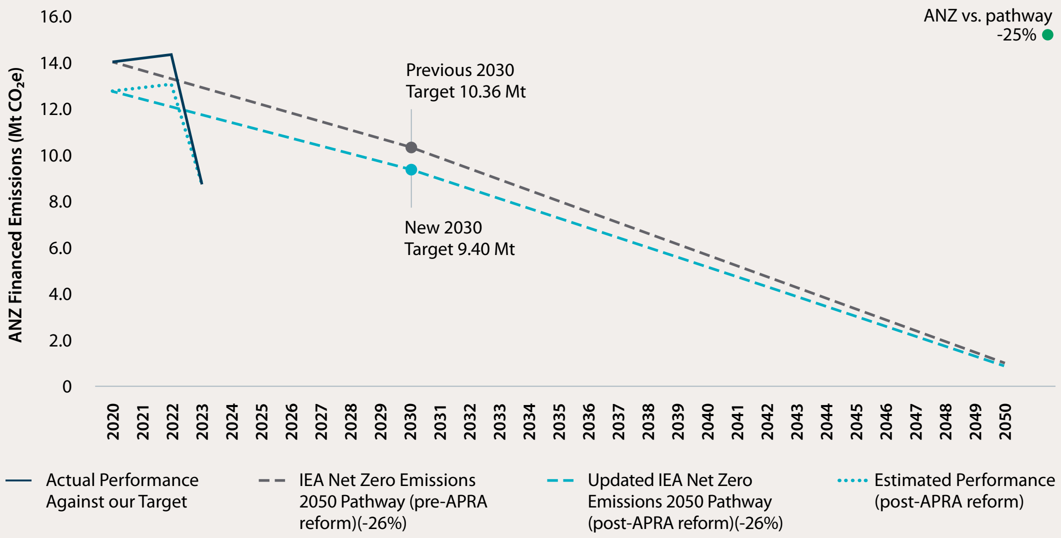
Oil and gas

Graph 2.1: Oil and gas



Oil and Gas Metrics Summary

Metric	2020	2022	2023
Absolute financed emissions (Mt CO_2-e)[1]	14.0	14.4	8.9
Physical emissions intensity (kg CO_2-e/GJ produced)	70.8	70.9	69.4
Portfolio-wide intensity (kg CO_2-e/$ lent)	1.33	1.50	1.33
Data Quality Score[2]			
• Scope 1 & 2	• Not scored	• 1.45	• 1.55
• Scope 3	• Not scored	• 3.00	• 3.00
Current EAD $bn (% of Group EAD)			6.67 (0.57%)

The key design choices we used to calculate our 2030 oil and gas target are summarised in Table 2 below.

Table 2 – Key design choices in calculating 2030 oil and gas target

2030 Target	• 26% reduction[3] in absolute financed emissions from 2020 baseline
ANZ Customers Included	• Exploration and production (includes dedicated upstream companies, and LNG producers) • Integrated oil and gas producers • Customers above are included where ANZ's exposure is at least $10 million
Emissions Included	• Scopes 1, 2 and 3 (Category 11, product use) for all companies included in scope, preferably on an equity-based accounting approach where that data is available from customers
Metric	• Absolute emissions (in million tonnes CO_2-e) (Mt CO_2-e)
Financing Activities Included	• Exposure at default: represents the Group's exposure to each sector based on APRA's calculation formula which includes total committed loans (drawn plus a proportion of off-balance sheet exposures as specified by APRA)
Attribution Approach	• ANZ financing to customers as a proportion of customer value. Customer values are based on the following definitions: – **Private company:** Book value of debt and equity – **Public company:** Enterprise value including cash (EVIC)
Benchmarking Scenario	• International Energy Agency (IEA) Net Zero Emissions by 2050 World Scenario (2021)
Key External Data Sources	• Customer disclosures • Wood Mackenzie • Rystad • International Energy Agency • American Petroleum Institute • Intergovernmental Panel on Climate Change

The information in this section should be read together with our disclaimer and important notices available *here* and our Financed Emissions Methodology available *here*.

1. We have restated our 2020 and 2022 results to reflect changes in data sources that we have relied on to calculate Scope 3 emissions for some of our customers. These restatements also build in the changes brought about by more precise attribution of our finance to the activities of two customers in our portfolio and correction of minor data issues. **2.** The data quality score was calculated in accordance with guidance made available by the Partnership for Carbon Accounting Financials (PCAF) in the *Global GHG Accounting and Reporting Standard for the Financial Industry – Part A* (available here).
3. Our 26% reduction target is now from an adjusted 2020 baseline, with the rationale for this change, described in detail in the 'Target Adjustment' section below. Note we have also set a 40% EAD reduction target by 2025 from a 2020 baseline, which complements our financed emissions target.

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OIL AND GAS (CONTINUED)

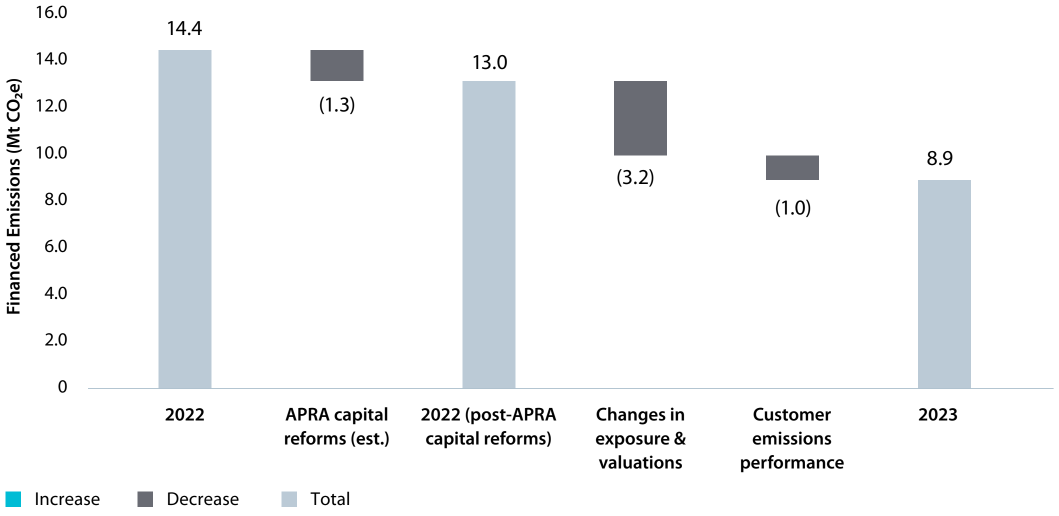
Target Adjustment

While maintaining our target to reduce absolute financed emissions by 26% by 2030, during 2023 ANZ adjusted downwards the 2020 baseline for the target. This will result in a lower level of target absolute emissions by 2030. We have done this following the introduction of new APRA Basel IV rules that alter the way EAD is calculated. For our oil and gas portfolio, the aggregate impact of this change has been a material reduction in EAD, which means a lower proportion of our customers' Scope 1, 2 & 3 emissions is attributed to us.[1]

Our adjusted 2020 baseline (used only for the purposes of calculating a 26% emissions reduction target) has been estimated at 12.7Mt, leading to a revised 2030 target of 9.4Mt.

Performance against target

Graph 2.2 – Oil and gas portfolio emissions intensity movements



Our 2023 financed emissions of 8.9 Mt CO_2-e is 30% below our updated 2020 baseline of 12.7Mt and 25% below our target pathway. This decline was due to a combination of factors, which are summarised below:

- Higher energy prices translated into higher company valuations, meaning providers of debt capital – like ANZ – are attributed a smaller proportion of our customers' emissions
- Decrease in EAD from loan amortisation and active portfolio management
- Improved emissions performance by our customers.

To complement our financed emissions target we are also setting a 40% EAD reduction target by end 2025.

Given that financed emissions are calculated from a combination of factors that are both within and outside of ANZ's control, we encourage stakeholders to take a longer-term view of our progress and the 'trend' in our financed emissions, rather than focusing on year-on-year outcomes.

Actions to achieve 2030 target

We recognise that achieving our 2030 target will require a re-weighting of our portfolio towards customers with stronger emissions reduction targets and diversification strategies.

To help achieve this portfolio re-weighting, we will continue engaging with our customers in our oil and gas portfolio, seeking transition plans by end 2025 in line with our Climate Change Commitment and Extractive Industries Policy. This engagement is important so that we can identify which customers need to improve their plans, which will be factored into our lending decisions.

Opportunities for emissions reduction and challenges

Our choice of an absolute emissions reduction target recognises that there are limited opportunities to fully reduce the carbon intensity of fossil fuel product in all 1.5°C aligned scenarios.

In relation to their own operations, a priority for oil and gas companies is to minimise methane leaks through a focus on leak detection and repair. Other important steps include avoidance of non-emergency flaring and venting along with significant electrification of upstream operations. In relation to Scope 3 emissions generated from the burning of oil and gas products, a reduction will depend on the combined actions of businesses, governments and consumers. These Scope 3 emissions typically account for 80–90% of emissions for the sector.

1. While these APRA capital reforms only came into effect from 1 January 2023, we see it as important to benchmark our current and future performance against a consistent set of rules, hence the reason why we have estimated what our financed emissions for the 2020 year would have been using the APRA Basel IV rules (approximately 9.3% downward revision). We have also estimated our 2022 financed emissions using the new APRA Basel IV rules.

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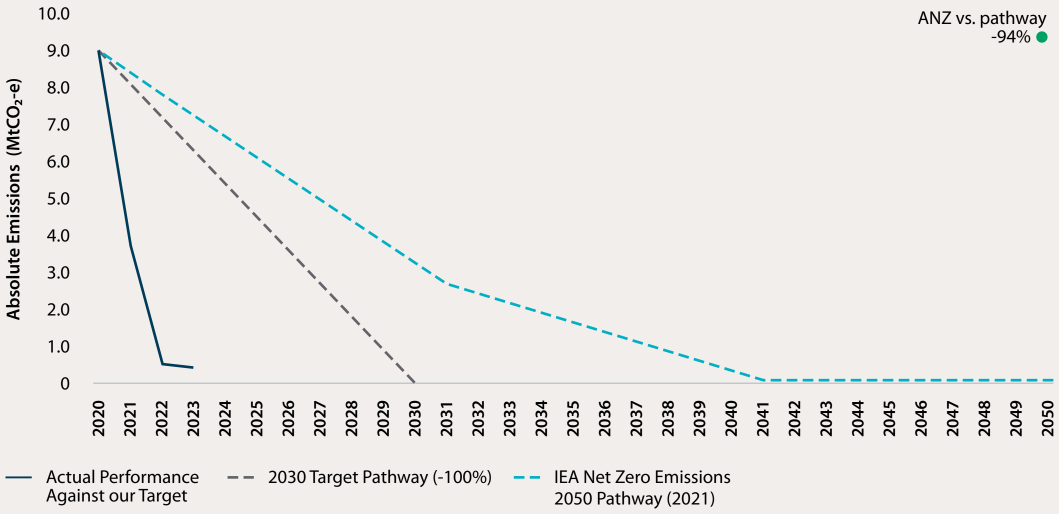
Thermal Coal

Graph 3.1: Thermal Coal



Thermal Coal Metrics Summary

Metric	2020	2023
Absolute financed emissions Mt CO_2-e	9.10	0.39
Physical intensity kgCO_2e/t produced	41.09	3.18
Portfolio-wide Intensity kgCO_2-e/$ lent	20.99	4.65
Data Quality Score[1]		
• Scope 1 & 2	• 2.25	• 1.83
• Scope 3	• 3.00	• 3.00
Current EAD $bn (% of Group EAD)		0.08 (0.01%)

The key design choices we used to calculate our absolute financed emissions reduction target for our thermal coal financing activities are summarised in Table 3 below.

Table 3.1 – Key design choices in calculating 2030 thermal coal financed emissions target

2030 Target	• 100% reduction in absolute financed emissions from 2020 baseline
ANZ Customers Included	• Australian and New Zealand Standard Industrial Classification (ANZSIC)[2] code 1102, i.e. those customers for whom thermal coal mining is their predominant activity[3] • Customers above are included where ANZ's exposure is at least $1 million
Emissions Included	• Scope 1, 2 and 3 (category 11, product use) for all companies included in scope[4]
Metric	• Absolute emissions (in million tonnes CO_2-e) (Mt CO_2-e)
Financing Activities Included	• Exposure at default. This represents the Group's exposure to each sector based on APRA's calculation formula which includes total committed loans (drawn plus a proportion of off-balance sheet exposures as specified by APRA • Rehabilitation bonds and transaction banking are not included[4]
Attribution Approach	• ANZ financing to customers as a proportion of customer value. • Customer values are based on the following definitions: – **Private company:** Book value of debt and equity – **Public company:** Enterprise value including cash (EVIC)
Benchmarking Scenario	• International Energy Agency (IEA) Net Zero Emissions by 2050 World Scenario (2021)
Key External Data Sources	• Customer disclosures • Wood Mackenzie • AME • International Energy Agency • 2006 IPCC Guidelines for National Greenhouse Gas Inventories

The information in this section should be read together with our disclaimer and important notices available *here* and our Financed Emissions Methodology available *here*.

1. The data quality score was calculated in accordance with guidance made available by the Partnership for Carbon Accounting Financials (PCAF) in The Global GHG Accounting and Reporting Standard for the Financial Industry, December 2022. **2.** ANZSIC has been developed for use in the compilation and analysis of industry statistics in Australia and New Zealand. The Australian Bureau of Statistics and Statistics New Zealand jointly developed this classification to improve the comparability of industry statistics between the two countries and with the rest of the world. **3.** Includes emissions from thermal coal production only. Emissions from metallurgical coal production are not included in the scope of this target. **4.** We will continue to provide rehabilitation bonds for those existing customers with some thermal coal exposure to ensure their responsibilities with exiting mine sites are fulfilled. The purpose of a rehabilitation bond is related to environmental remediation and not financing of the coal mining activity itself. As at 30 September 2023, rehabilitation bonds were $169m, which equates to 64.7% of our exposure to thermal coal mining under ANZSIC code 1102.

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THERMAL COAL (CONTINUED)

Performance against target

Financed scope 1, 2 and 3 emissions included in this pathway have declined by 96% over the last three years. Since 2015, we have reduced lending provided directly to thermal coal mining by around 85% – it is now around 0.02% of our Group EAD.[1] Our active portfolio management in line with our Extractives Industry Policy outlined in our Climate Change Commitment has contributed to our progress to date.

Target considerations

The NZBA '*Guidelines for Climate Target Setting for Banks*' states that any client with more than 5% of their revenues coming directly from thermal coal mining shall be included in the scope of targets and specifies that metallurgical coal is considered within the value chain of the iron and steel sector.[2] ANZ's thermal coal target includes ANZSIC code 1102, i.e. those customers for whom thermal coal mining is their predominant activity[3]. The target does not include diversified miners or metallurgical coal miners that produce thermal coal as a by-product (i.e. customers who are not classified as ANZSIC code 1102).

Analysis of this 5% revenue threshold found that diversified miners and metallurgical coal miners that produce thermal coal as a by-product, would fall in and out of the target boundary on any given year in line with commodity prices. This creates challenges in both reporting and setting a target for these customers at this stage.

Given our active portfolio management in line with our Extractives Industry Policy outlined in our Climate Change Commitment, our thermal coal exposures are now primarily within our metallurgical coal miners that produce thermal coal as a by-product and diversified mining customers' portfolio's (through corporate lending facilities). The breakdown of our financed emissions from each customer type is shown in the pie chart below. In 2024, we will conduct further analysis and engage with the NZBA and our customers to understand how we might achieve closer alignment to the NZBA's guidelines whilst managing the real-world implications of fluctuating commodity prices and variations in production volumes. This is important given that many of our diversified mining customers are some of the world's largest producers of transition metals and minerals.

Table 3.2 – 2023 Total thermal coal financed emissions by customer type (MT CO_2-e)

Customer Category	2023	Thermal Coal Target
Mining companies whose predominant activity is thermal coal production (ANZSIC code 1102)	0.39	Included
Metallurgical coal miners that produce thermal coal byproduct*	1.44	Not included
Diversified miners that produce thermal coal*	1.44	Not included

* Contributing 5% revenue or more

Actions to achieve 2030 target

Our lending provided directly to thermal coal is expected to continue to decline. In line with our policy measures on thermal coal outlined in our Climate Change Commitment and Extractive Industries Policy, our approach means that we will no longer onboard any new business customers with material thermal coal exposures[4], or directly finance new thermal coal mines or power plants.[5]

In 2022, we implemented an enhanced due diligence process for energy sector customers. Under that process, new customers and transactions considered material under the screening criteria are referred to senior subject matter experts to review having regard to ANZ's Climate Change Commitment prior to proceeding. For further details on our enhanced due diligence refer to page 11.

Opportunities for emissions reduction and challenges

Scope 3 emissions derived from combustion of thermal coal typically accounts for more than 95% of emissions of the sector

ANZ accounts for Scope 3 emissions included in our pathway using our customers' equity-based production[6] of thermal coal made available for sale in thermal coal mines. While this accounting approach helps to minimise the risk of double counting of emissions, we would note that some double counting of scope 3 emissions from thermal coal may occur given this may make up the Scope 1 emissions of coal-fired power generators in our power generation metric.

Our choice of an absolute emissions target recognises that there are limited opportunities to fully reduce the carbon intensity of fossil fuel products in all 1.5°C aligned scenarios.

Efforts can be made to reduce scope 1 and 2 emissions of coal mining for example through:

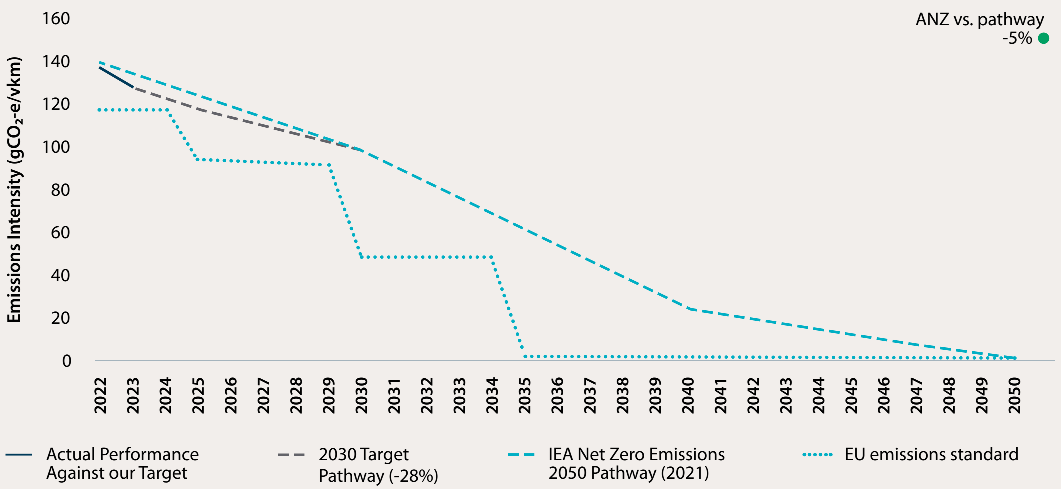
- reducing coal mine methane emissions;
- use of biofuels and electric powered alternatives to replace diesel use in mining equipment; and
- renewable energy investments.

1. This exposure is to the ANZSIC code 1102, i.e. those customers for whom thermal coal mining is their predominant activity. It does not include other thermal coal mining exposure to diversified miners or metallurgical coal miners that produce thermal coal as a by-product (i.e. customers who are not classified as ANZSIC code 1102). **2.** The NZBA '*Guidelines for Climate Target Setting for Banks*'. **3.** Includes emissions from thermal coal production only. It does not include other thermal coal mining exposure to diversified miners, or metallurgical coal miners that produce thermal coal as a by-product (i.e. customers who are not classified as ANZSIC code 1102). Emissions from metallurgical coal production are not included in the scope of this target. **4.** Where thermal coal accounts for more than 10% of revenue. **5.** Our lending is informed by our evolving social, environmental and credit policies, which outlines our approach to thermal coal. Information on our policies is available here: https://www.anz.com.au/about-us/esg-priorities/fair-responsible-banking/responsible-business-lending/. **6.** Proportion of thermal coal production in line with equity stake in the production facility.

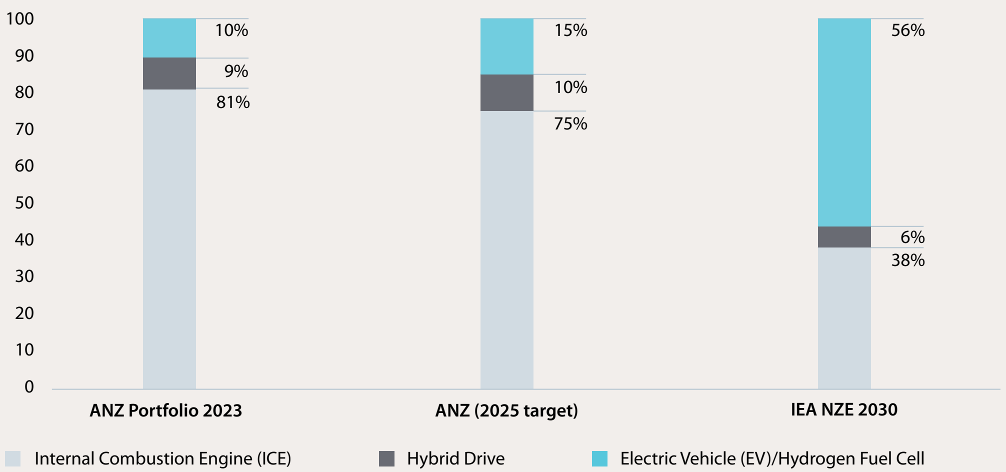
TRANSPORT

Auto manufacturing

Graph 4a.1 – Auto manufacturing



Graph 4a.2 – Automotive Powertrain Financing Mix



Auto manufacturing Metrics Summary

Metric	2022	2023
Emissions Intensity gCO_2-e/vkm	137	128
Absolute Emissions Mt CO_2-e	2.36	2.12
Portfolio-wide Intensity $kgCO_2$-e/$ lent	0.94	1.11
Data Quality Score	1.96	1.93
Powertrain mix – hybrid and electric	N/A	19%
Current EAD $bn (% of Group EAD)		1.91 (0.16%)

AUTO MANUFACTURING (CONTINUED)

The key design choices we used in calculating our emissions intensity reduction target for our auto manufacturing financing activities are summarised in Table 4a below.

Table 4a – Key design choices in calculating auto manufacturing production financed emissions reduction target

2030 target	• 28% reduction in emissions intensity from 2022 baseline
2025 target	• Target portfolio to reflect 25% production of hybrid (including plug in hybrid) and battery electric vehicles (or hydrogen fuel cell)
ANZ customers included	• Companies that own or operate one or more auto manufacturing facility (excludes vehicles other than cars, such as trucks, buses and motorbikes) and that we have at least $10m exposure at default (EAD) at the end of our financial reporting year (September 30)
Emissions included	• Scope 3 – tailpipe emissions of cars manufactured by ANZ customers included in the target during the year of assessment (excludes vehicles other than cars, such as trucks, buses and motorbikes)
Metrics	1. Emissions intensity of newly manufactured cars (gCO_2-e/vkm) 2. The powertrain mix indicator showing the percentage per technology (internal combustion engines, hybrid (including plug in hybrid) and battery electric vehicles (or hydrogen fuel cell)) of our financed automotive portfolio
Financing activities included	• Exposure at default. This represents the Group's exposure to each sector based on APRA's calculation formula which includes total committed loans (drawn plus a proportion of off-balance sheet exposures as specified by APRA)
Attribution approach	• Portfolio-weighted approach (measures ANZ's financing to customers as a proportion of ANZ's total financing to the auto manufacturing sector)
Benchmarking Scenario	• IEA's NZE 2050 Scenario
Key External Data Sources	• Customer disclosures • Transition Pathway Initiative

The information in this section should be read together with our disclaimer and important notices available *here* and our Financed Emissions Methodology available *here*.

Performance against target

This is the first year ANZ has reported on the emissions intensity of our financed auto manufacturing scope 3 emissions as described above. Our 2022 portfolio baseline of 137g CO_2-e/vkm is marginally below the IEA NZE 2050 baseline of 140g CO_2-e/vkm.

Graph 4a.1 shows the emissions intensity of our auto manufacturing portfolio which has reduced by 7% to 128g CO_2-e/vkm from our 2022 baseline. We expect this decline to continue, given the shift towards zero emissions vehicles. Several of our customers have either set production targets to phase out internal combustion engines and/or net-zero commitments for cars they produce.

We are supporting customers in the auto manufacturing industry move toward zero emission vehicle production and our 2030 target of 99g CO_2-e/vkm.

However, currently supply chain risks remain in the industry, especially related to the supply of batteries for electric vehicles.[1] In this context, customer discussions to date have been positive, indicating that significant investment in research and development is underway to address supply chain issues including battery manufacturing and supply.

The hybrid and electric portion of the powertrain mix within ANZ's target portfolio was 19% in 2023, which is on-track to meet the 2025 target of 25%. Our absolute emissions have decreased year-on-year, in-line with the industry trend towards producing more hybrid and/or zero emissions cars.

Actions to achieve 2030 target

The automotive sector is one of the largest contributors to global[2] emissions with approximately 8% associated with light duty vehicles (passenger cars) and will play a critical role in the path to net zero emissions. We recognise there will be significant and growing opportunities to support our customers in their efforts to reduce the Scope 3 emissions of newly produced vehicles.

ANZ engages with auto manufacturing customers who are part of our Large Emitters Engagement Program, to support and encourage this cohort to strengthen their low carbon transition plans.

The achievement of our 2030 intermediate targets for the auto manufacturing sector will require continuing improvements in the carbon intensity of newly produced vehicles. In particular ongoing investment in the production of zero emissions vehicles is needed.

1. Electric cars fend off supply challenges to more than double global sales – Analysis – IEA. **2.** International Energy Agency (2021), Net-Zero by 2050, IEA, Paris.

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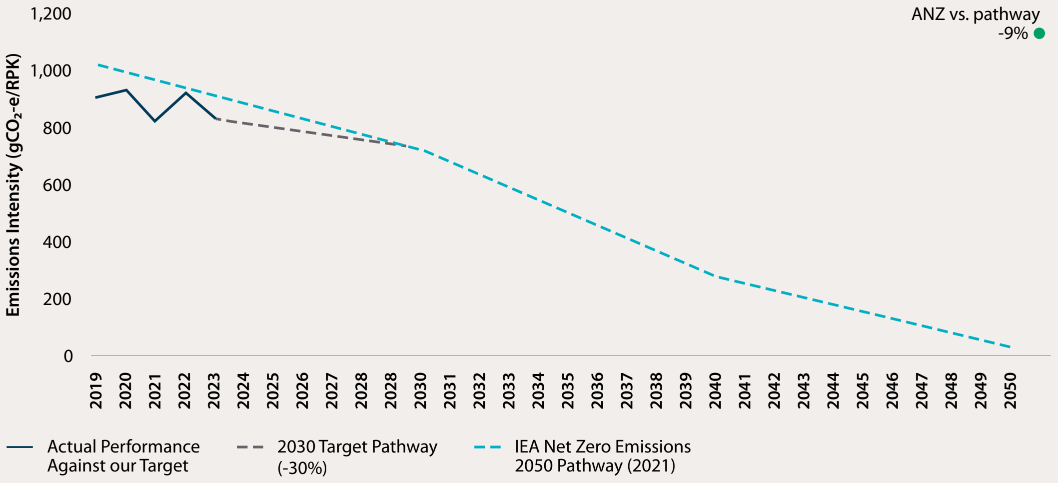
Aviation

Graph 4b: Aviation



Aviation Metrics Summary

Metric	2019	2023
Emissions Intensity gCO_2-e/RTK	902	828
Absolute Emissions Mt CO_2-e	2.35	1.18
Portfolio-wide Intensity $kgCO_2$-e/$ lent	0.91	0.58
Data Quality Score	1.07	1.09
Current EAD $bn (% of Group EAD)		2.04 (0.18%)

The key design choices we used in calculating our emissions intensity reduction target for our aviation financing activities are summarised in Table 4b below.

Table 4b – Key design choices in calculating the aviation sector emissions intensity reduction target

2030 target	• 30% reduction in emissions intensity from 2019 baseline
ANZ Customers Included	• Commercial airlines that own and/or operate passenger and cargo aircraft on domestic and/or international routes and that we have at least $10m exposure at default (EAD) at the end of our financial reporting year (September 30)
Emissions Included	• Scope 1 & 3 – jet fuel
Metric	• Emissions per revenue tonne-kilometre of air travel (gCO_2-e/RTK)
Financing Activities Included	• Exposure at default. This represents the Group's exposure to each sector based on APRA's calculation formula which includes total committed loans (drawn plus a proportion of off-balance sheet exposures as specified by APRA)
Attribution Approach	• Portfolio-weighted approach (measures ANZ's financing to customers as a proportion of ANZ's total financing to the aviation sector)
Benchmarking Scenario	• Science-Based Targets initiative (SBTi) 1.5°C scenario
Key External Data Sources	• Customer reports • Transition Pathway Initiative

The information in this section should be read together with our disclaimer and important notices available *here* and our Financed Emissions Methodology available *here*.

Performance against target

This is the first year ANZ has reported on the emissions intensity of our aviation financing activities. Our 2019 portfolio baseline of 902g gCO_2-e/RTK is below the SBTi baseline of 1,023g gCO_2-e/RTK.

Graph 4b shows the emissions intensity of our aviation portfolio in 2023 has reduced by 8% to 828 gCO_2-e/RTK from our 2019 baseline.

We are seeking to support the aviation industry move toward net-zero emissions and our 2030 target of 720 gCO_2-e/RTK is in-line with the SBTi trajectory.

Actions to achieve 2030 target

In 2022 aviation accounted for 2% of global energy-related CO_2 emissions, having grown faster in recent decades than rail, road or shipping.[1] As international travel demand recovers following the Covid-19 pandemic, aviation emissions rose in 2022 to reach nearly 80% of their pre-pandemic peak in 2019.

Aviation is one of the hard-to-abate sectors that still requires concerted efforts to develop commercially viable alternative technologies and solutions that can be deployed at scale. To achieve Net Zero, it is estimated that the industry will have to reduce fuel-burn emissions from aircraft to zero, eliminating 21.2 Gt of CO_2 emissions between 2020 and 2050.[2]

The International Air Transport Association (IATA) Net Zero strategy estimates that 65% of the reduction will have to come from the adoption of sustainable aviation fuel (SAF), 13% from new aircraft technologies such as alternative propulsion, including electric and hydrogen, 3% from continued improvement of operational efficiency and finally 19% from carbon capture or offsets.

ANZ engages with aviation customers on their low carbon transition plans, with the aim of realising incremental emission reductions in the sector. We are supporting and encouraging customers in this cohort to strengthen their low carbon transition plans.

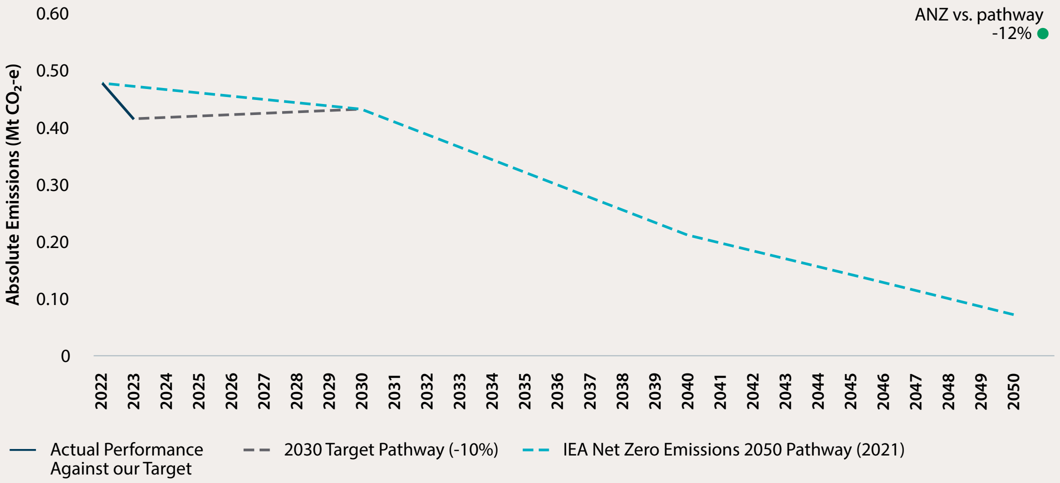
We will continue to support aviation customers above this benchmark– in fact, lending to support customers' transition plans may mean the emissions intensity of our portfolio goes up for a period as we may increase exposure to these customers. For example, to support our customers to invest in new technologies or research and development into low/zero carbon technologies. However, as our customers move towards lower emissions assets, we anticipate the emissions intensity of our portfolio declining towards our 2030 target. The achievement of our 2030 intermediate targets for the aviation sector will require continuing improvements in the carbon intensity of airlines.

If the uptake of sustainable aviation fuel and adoption of new aircraft technologies do not occur quickly enough, we recognise that achieving our targets may become unlikely. However, were this to occur, we anticipate that aviation scenarios would be adjusted to reflect a longer time horizon and we may update our pathway accordingly.

1. Aviation – IEA. 2. IATA – Fly Net Zero.

Shipping

Graph 4c: Shipping



Shipping Metrics Summary

Metric	2022	2023
Absolute Emissions Mt CO_2-e	0.48	0.42
Portfolio-wide Intensity kg CO_2-e/$ lent	0.33	0.29
Data Quality Score	1.01	1.02
Current EAD $bn (% of Group EAD)		1.24 (0.11%)

The key design choices we used in calculating our absolute emissions reduction target for our shipping financing activities are summarised in Table 4c below.

Table 4c – Key design choices in calculating the shipping sector absolute emissions reduction target

2030 target	• 10% reduction in absolute financed emissions from 2022 baseline
ANZ Customers Included	• Companies whose primary activity includes owning and operating domestic and/or international ocean-going vessels and that we have at least $10m exposure at default (EAD) at the end of our financial reporting year (September 30)
Emissions Included	• Scope 1 & 3 emissions (fuel production, distribution and combustion)
Metric	• Absolute emissions of shipping (Mt CO_2-e)
Financing Activities Included	• Exposure at default. This represents the Group's exposure to each sector based on APRA's calculation formula which includes total committed loans (drawn plus a proportion of off-balance sheet exposures as specified by APRA)
Attribution Approach	• ANZ financing to customers as a proportion of customer value. Customer values are based on the following definitions: – **Private company:** Book value of debt and equity – **Public company:** Enterprise value including cash (EVIC)
Benchmarking Scenario	• International Energy Agency (IEA) Net Zero Emissions by 2050 World Scenario (NZE 2050) (May 2021)
Key External Data Sources	• Customer disclosures

The information in this section should be read together with our disclaimer and important notices available *here* and our Financed Emissions Methodology available *here*.

SHIPPING (CONTINUED)

Performance against target

This is the first year ANZ has reported on the absolute emissions of our shipping financing activities. Our 2022 portfolio baseline of 0.481 Mt CO_2-e has been baselined against the IEA NZE 2050 trajectory.

Graph 4c shows that the absolute emissions of our shipping portfolio has reduced to 0.416 Mt CO_2-e from our 2022 baseline, which is below the IEA NZE 2050 trajectory of 0.475 Mt CO_2-e.

Actions to achieve 2030 target

Currently a small number of customers from the shipping sector make up a material part of the overall emissions of ANZ's shipping pathway. We have begun, and will continue, to engage with customers to understand their transition plans, emissions reduction targets and how we can assist these customers transition towards lower emissions.

The achievement of our 2030 intermediate targets for the shipping sector will require continuing improvements in the absolute emissions of our customers' shipping operations. However, as our customers work towards optimising operational efficiency, retrofitting existing assets, and switching to low-carbon fuels, we expect to see the emissions intensity of our portfolio decline consistent with our 2030 target.

Opportunities for emissions reduction and challenges

The shipping sector serves as a critical link in many global supply chains and as the foundation of intercontinental trade. In its 2022 Review of Maritime Transport, United Nations Conference on Trade and Development noted that more than 80% of global trade by volume is carried by sea.[1]

However, shipping is responsible for around 2.5% of total energy sector emissions as per the International Energy Agency's Net Zero Emissions (NZE 2050) pathway[2]. According to the NZE 2050 pathway, the shipping industry is one of the few transport modes that does not achieve net-zero emissions by 2050.

This is due to the long lifetime of vessels (typically 25-35 years) and lack of available low-carbon options commercially available today. Nevertheless, to align to the NZE 20250 pathway emissions are expected to decline each year in the shipping sector.[2]

In the short term, it appears that there is considerable potential for curbing fuel consumption in the shipping industry through measures to optimise operational efficiency and improve energy efficiency. Such approaches include slow steaming and the use of wind-assistance technologies[2].

In the medium to long term, significant emissions reductions are expected to be achieved in the NZE 2050 scenario by switching to low-carbon fuels such as biofuels, hydrogen, and ammonia[2].

If the uptake of fuel switching or adoption of other measures to optimise operational efficiency do not occur quickly enough, we recognise that achieving our targets may become unlikely. However, were this to occur, we anticipate that shipping scenarios would be adjusted to reflect a longer time horizon and we may update our pathway accordingly.

1. Review of Maritime Transport 2022 | UNCTAD. **2.** Net Zero by 2050 – A Roadmap for the Global Energy Sector.

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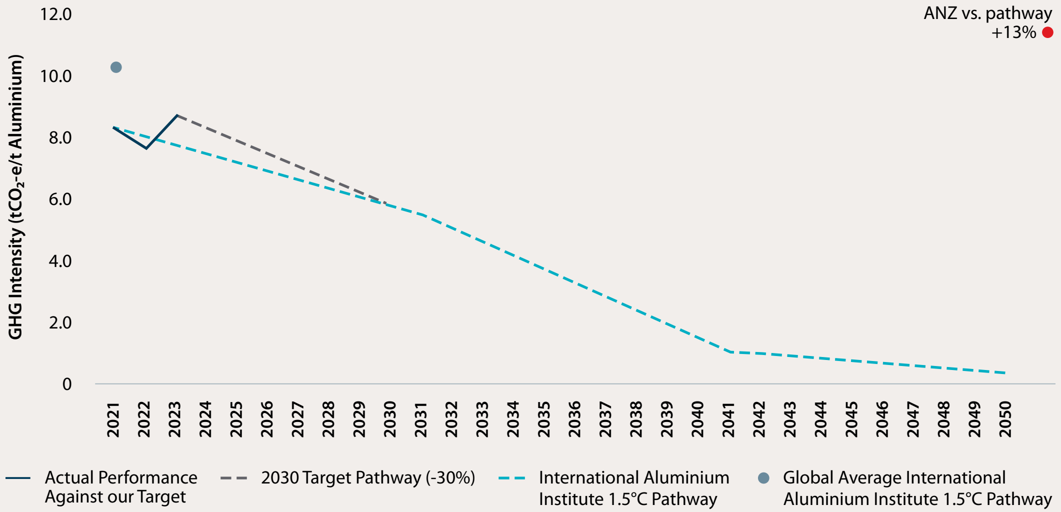
MANUFACTURING

Aluminium

Graph 5.1: Aluminium



Aluminium Metrics Summary

Metric	2021	2022	2023
Emissions Intensity tCO_2-e/t aluminium	8.30	7.64	8.73
Absolute Financed Emissions $MtCO_2$-e	0.74[1]	0.64[2]	0.53
Portfolio-wide Intensity $kgCO_2$-e/$ lent	1.15[3]	0.93[4]	0.77
Data Quality Score[5]	2.78	2.90	2.50

Current EAD $bn (% of Group EAD)	0.68 (0.06%)

The key design choices we used in calculating our emissions intensity reduction target for our aluminium production financing activities are summarised in Table 5 below.

Table 5 – Key design choices in calculating 2030 aluminium production financed emissions target

2030 Target	• 30% reduction in emissions intensity from 2021 baseline
ANZ Customers Included	• Companies that own or operate one or more alumina refineries or aluminium smelters[6] • Customers above are included where ANZ's exposure is at least $1 million
Emissions Included	• Scope 1 & 2 emissions[7]
Metric	• Emissions intensity of aluminium production (tCO_2-e/t aluminium)
Financing Activities Included	• Exposure at default. This represents the Group's exposure to each sector based on APRA's calculation formula which includes total committed loans (drawn plus a proportion of off-balance sheet exposures as specified by APRA)
Attribution Approach	• Portfolio-weighted approach (measures ANZ's financing to customers relative to ANZ's total financing to the aluminium sector)
Benchmarking Scenario	• International Aluminium Institute (IAI) 1.5ºC scenario[8]
Key External Data Sources	• Customer disclosures • Wood Mackenzie • Transition Pathways Initiative • International Aluminium Institute

The information in this section should be read together with our disclaimer and important notices available *here* and our Financed Emissions Methodology available *here*.

1. This is a restatement of the 2021 Absolute Financed Emissions we reported in 2022 of 0.62 $MtCO_2$-e. **2.** This is a restatement of the 2022 Absolute Financed Emissions we reported in 2022 of 0.74 $MtCO_2$-e. **3.** This is a restatement of the 2021 Portfolio-wide Intensity we reported in 2022 of 0.95 $kgCO_2$-e/$ lent. **4.** This is a restatement of the 2022 Portfolio-wide Intensity we reported in 2022 of 1.07 $kgCO_2$-e/$ lent. **5.** The data quality score was calculated in accordance with guidance made available by the Partnership for Carbon Accounting Financials (PCAF) in The Global GHG Accounting and Reporting Standard for the Financial Industry, December 2022. **6.** Includes both primary and secondary production processes. Exposure to entities involved in the trade of raw inputs such as bauxite are not included in the scope of these metrics or targets. For our diversified customers, we look at what percentage of their revenue is derived from the sale of aluminium and then apportion our EAD to these activities using the same percentage. **7.** Where customers purchase semi-finished products such as alumina, this is not included within our emissions intensity target as they are not included in the customers Scope 1 or 2 emissions. We will consider how to deal with Scope 3 emissions in future years. **8.** In September 2023, the IEA released a 2023 update of its Net Zero Roadmap, in which it published a scenario for the aluminium sector for the first time. In time, we will review this scenario and assess its ambition in comparison with our existing benchmarking scenario.

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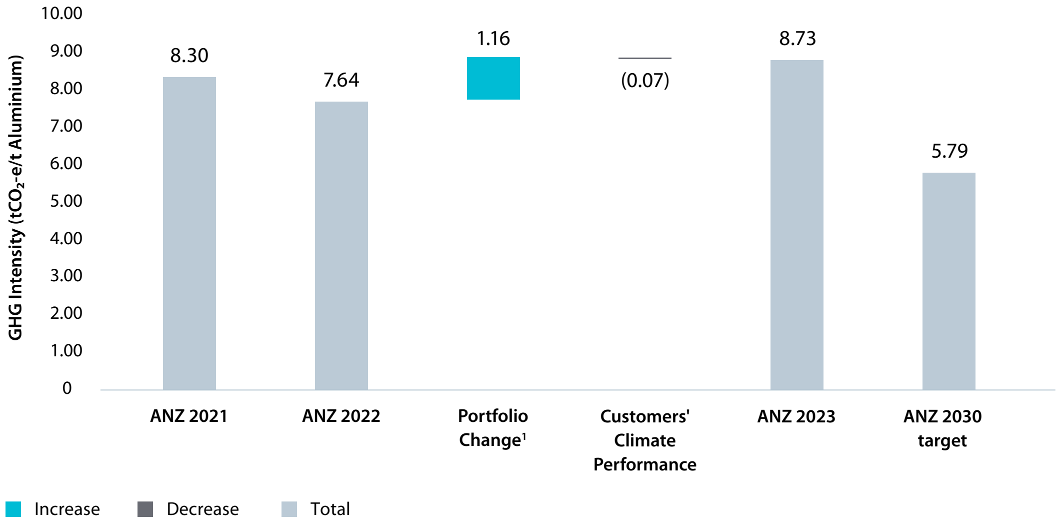
ALUMINIUM (CONTINUED)

Performance against target

Graph 5.2 – Aluminium portfolio emissions intensity movements



1. Includes changes in exposure as well as APRA's new regulatory capital framework for Australian banks effective from 1 January 2023. This resulted in changes in the credit risk capital that ANZ is required to set aside in respect of different products and as a result, impacts the way Exposure at Default is calculated.

Our 2021 portfolio baseline of 8.30 tCO_2-e/t aluminium is below the 2021 global average of 10.29 tCO_2-e/t aluminium.[1]

Our aluminium producing customers made strong, early progress to reduce the emissions intensity of production (Graph 5.1). However, in 2023 the emissions intensity of our aluminium production portfolio increased by 5% from our 2021 baseline to 8.73 tCO_2-e/t aluminium.

Graph 5.2 highlights the drivers of this emissions intensity increase. The portfolio changed, with a decrease in exposure to a customer with a relatively low emissions intensity, coupled with an increased exposure to a customer with a relatively high emissions intensity. Customers' climate performance did not significantly improve year-on-year.

Our aluminium absolute financed emissions and portfolio wide emissions intensity have decreased year on year due to reduced alumina and aluminium production and changes in the portion of customers emissions attributed to us based on customers' enterprise value or FX movements.

Actions to achieve 2030 target

A small number of customers (less than 10) make up a material portion of our exposure to this sector. As our emissions intensity target is based on a portfolio-weighted metric, we intend to prioritise financing projects and customers producing aluminium at an average intensity below our 2021 baseline portfolio average of 8.30 tCO_2-e/t aluminium to achieve our target, noting this 'average' will reduce over time.

We have begun, and will continue, to engage with customers to understand their transition plans, emissions reduction targets and how we can assist these customers transition towards lower emissions aluminium production.

Opportunities for emissions reduction and challenges

Aluminium is strong, light weight and recyclable, and accounts for approximately 2% of total global emissions.[2]

Our choice of an emissions intensity target recognises that aluminium will be a key material used in technologies essential for the transition to net zero emissions. Industry scenarios aligned with the Paris goals predict global demand for primary aluminium is expected to increase by up to 40% and secondary (recycled) production of aluminium will more than triple by 2050.[1]

Primary aluminium production is highly electricity intensive. Efforts to decarbonise the sector will be heavily reliant on decarbonisation of the electricity supply and several of our customers have either set, or have stated that they are committed to setting, targets or net zero commitments.

Secondary production of aluminium via electric arc furnace has a significantly lower emissions intensity than primary production, but is limited by scrap availability.

Limiting the use of aluminium in final products is a key step to reduce emissions from the sector for example though:

- 'light weighting' (design upgrades to manufacture components with the same performance standard using less material); and
- efficiency in design.

Investment in the commercialisation of currently expensive technologies such as carbon-free anodes,[3] is important to eliminate the harder to abate emissions of the sector.

1. International Aluminium Institute – Aluminium Sector Greenhouse Gas Pathways to 2050, September 2021. 2. Mission Possible Partnership – Making Net-Zero Aluminium Possible, April 2022. 3. Elysis is a technology that replaces traditional carbon anodes (large carbon blocks which conduct electricity during aluminium smelting, producing significant greenhouse. gas emissions) with carbon free anodes that produce only oxygen.

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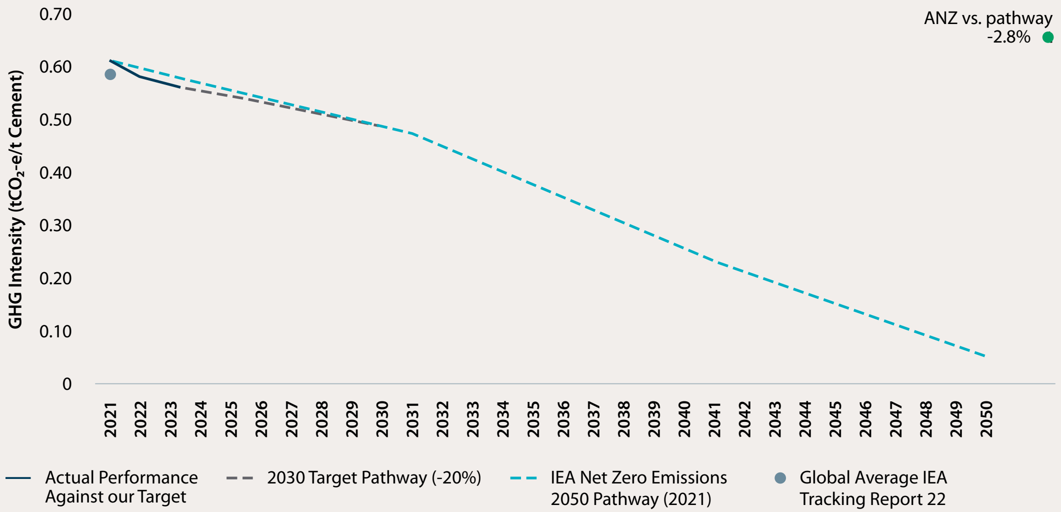
Cement

Graph 6.1: Cement



Cement Metrics Summary

Metric	2021	2022	2023
Emissions Intensity tCO_2-e/t cement	0.61	0.58	0.57
Absolute Financed Emissions $MtCO_2$-e	2.16[1]	1.65[2]	1.19
Portfolio-wide Intensity $kgCO_2$-e/$ lent	5.22[3]	4.98[4]	3.84
Data Quality Score[5]	1.87	1.76	1.98

Current EAD $bn (% of Group EAD)	0.31 (0.03%)

The key design choices we used in calculating our emissions intensity reduction target for our cement production financing activities are summarised in Table 6 below.

Table 6 – Key design choices in calculating 2030 cement financed emissions target

2030 Target	• 20% reduction in emissions intensity from 2021 baseline
ANZ Customers Included	• Companies that own or operate one or more cement plants that manufacture cement from raw inputs[6] • Customers above are included where ANZ's exposure is at least $1 million
Emissions Included	• Scope 1 & 2 emissions[7]
Metric	• Emissions intensity of cement production (tCO_2-e/t cement)
Financing Activities Included	• Exposure at default. This represents the Group's exposure to each sector based on APRA's calculation formula which includes total committed loans (drawn plus a proportion of off-balance sheet exposures as specified by APRA)
Attribution Approach	• Portfolio-weighted approach (measures ANZ's financing to customers relative to ANZ's total financing to the cement sector)
Benchmarking Scenario	• International Energy Agency (IEA) Net Zero Emissions by 2050 Scenario (2021)
Key External Data Sources	• Customer disclosures • Asset Resolution • International Energy Agency

The information in this section should be read together with our disclaimer and important notices available *here* and our Financed Emissions Methodology available *here*.

1. This is a restatement of the 2021 Absolute Financed Emissions we reported in 2022 of 2.24 $MtCO_2$-e. **2.** This is a restatement of the 2022 Absolute Financed Emissions we reported in 2022 of 1.64 $MtCO_2$-e. **3.** This is a restatement of the 2021 Portfolio-wide Intensity we reported in 2022 of 5.37 $kgCO_2$-e/$ lent. **4.** This is a restatement of the 2022 Portfolio-wide Intensity we reported in 2022 of 4.85 $kgCO_2$-e/$ lent. **5.** The data quality score was calculated in accordance with guidance made available by the Partnership for Carbon Accounting Financials (PCAF) in The Global GHG Accounting and Reporting Standard for the Financial Industry, December 2022. **6.** For our diversified customers, we look at what percentage of their revenue is derived from the sale of cement and then apportion our EAD to these activities using the same percentage. **7.** Where customers purchase semi-finished products such as clinker, this is not included within our emissions intensity target as they are not included in the customers Scope 1 or 2 emissions.

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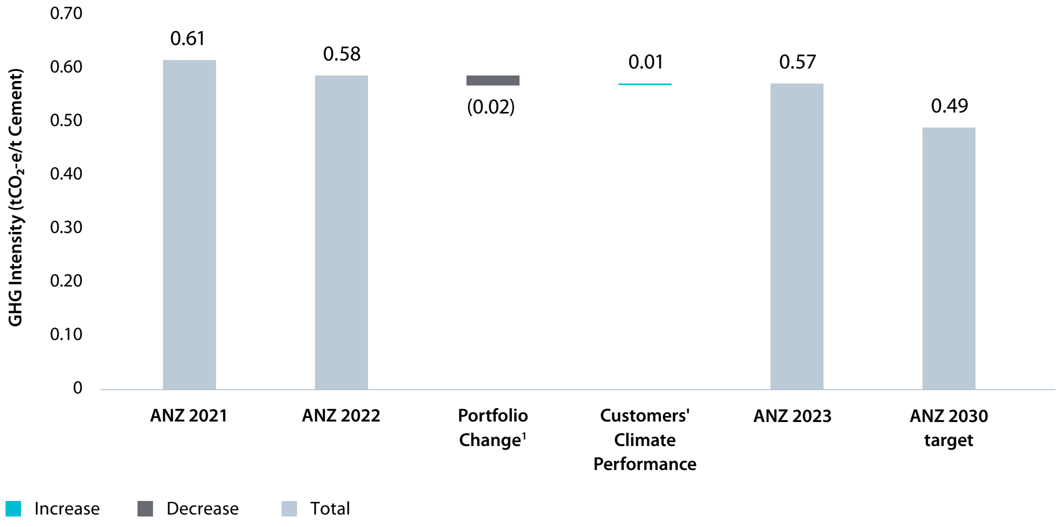
CEMENT (CONTINUED)

Performance against target

Graph 6.2 – Cement portfolio emissions intensity movements



1. Includes changes in exposure as well as APRA's new regulatory capital framework for Australian banks effective from 1 January 2023. This resulted in changes in the credit risk capital that ANZ is required to set aside in respect of different products and as a result, impacts the way Exposure at Default is calculated.

Our 2021 portfolio baseline of 0.61 tCO_2-e/t cement was marginally above the 2021 global average of 0.59 tCO_2-e/t cement.[1]

Graph 6.1 shows the emissions intensity of our cement production portfolio has reduced by 7% to 0.57 tCO_2-e/t cement from our 2021 baseline. The limited availability of cost-effective technologies to reduce the hard-to-abate process emissions of cement production makes the pathway towards our target less clear in comparison with other sectors. However, customer discussions to date have been positive and indicated that significant investment in research and development is underway.

Graph 6.2 highlights the reduction in emissions intensity was mainly driven by portfolio change.

Our absolute financed emissions and Portfolio-wide Intensity have decreased year-on-year, in line with a reduction in exposure to the sector.

Actions to achieve 2030 target

A small number of customers (less than 10) make up a material portion of our exposure to this sector. As our emissions intensity target is based on a portfolio-weighted metric, we intend to prioritise financing projects and customers producing cement at an average intensity below our 2021 baseline portfolio average of 0.61 tCO_2-e/t cement, noting this 'average' will reduce over time.

We have begun, and will continue, to engage with customers to understand their transition plans, emissions reduction targets and how we can assist in supporting these customers toward lower emissions cement production.

Opportunities for emissions reduction and challenges

The global cement industry accounts for between 5% and 8% of total global emissions.[2]

The overall global demand profile for cement under the 2023 update of the IEA's NZE 2050 scenario remains relatively flat;[3] however, the demand profile differs between developed and developing countries.

While the cement sector faces pressure to reduce emissions, this poses a challenge. The key raw material for cement is limestone, which releases carbon dioxide as it is heated to produce clinker. These production emissions account for approximately 55% of the emissions from cement production.[4]

Opportunities for emissions reduction[5] in this sector include:

- substituting clinker for supplementary cementitious materials (e.g. fly ash, granulated slag, limestone, and calcined clay);[6]
- alternate fuels for kilns (e.g. biomass instead of fossil fuels);
- decarbonisation of electricity; and
- plant and end-user efficiencies.

The cement industry will rely on carbon capture and utilisation/storage (CCUS) technologies becoming commercially and technically viable to capture the remaining 'hard-to-abate' emissions from the chemical reaction of heating limestone to achieve net zero by 2050 for the industry.[7]

It is estimated that capital spending will need to almost double for the sector to reach net-zero emissions by 2050.[8] Cement kilns have long average lifetimes (around 40 years). ANZ continues to engage with customers on how we may be able to support their decarbonisation.

Cementitious product

In line with the 2022 SBTi Cement Guidance and our understanding of industry practices, when we refer to our intensity target in tCO_2-e/t cement, we have set an intensity target per tonne of 'cementitious product' rather than per tonne of 'cement'.

This delineation is important as clinker substitutes – such as gypsum, limestone and cement kiln dust – are an important way to help decarbonise the cement sector. 'Cementitious product' consists of all clinker produced by our customers for sale, plus all clinker substitutes consumed for blending, plus all cement substitutes.[9]

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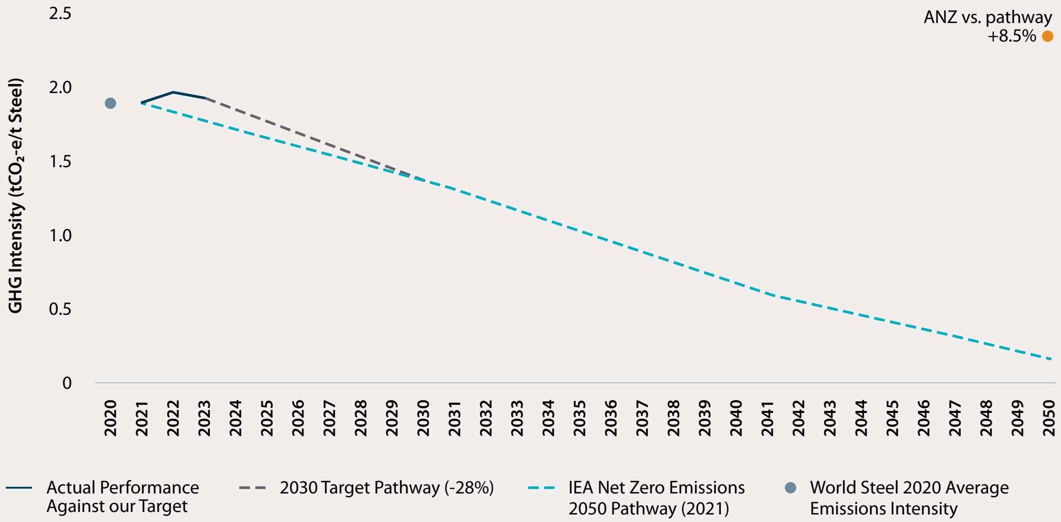
1. International Energy Agency – NZE 2050 Tracking Report, July 2023. 2. Global Cement and Concrete Association – Key Facts. 3. International Energy Agency – Net Zero Roadmap, 2023. 4. Decarbonisation Pathways for the Australian Cement and Concrete Sector, 2022. 5. Global Cement and Concrete Association. 6. Fly ash is a waste product from coal-fired power generation that is used as a supplementary cementitious material. 7. International Energy Agency – Net Zero Roadmap – 2023 Update, 2023. 8. McKinsey & Company – The Net Zero Transition Report, January 2022. 9. WBCSD – The Cement CO_2 and Energy Protocol, May 2011.

Steel

Graph 7.1: Steel



Steel Metrics Summary

Metric	2021	2022	2023
Emissions Intensity tCO_2-e/t steel	1.90	1.97[1]	1.93
Absolute Financed Emissions $MtCO_2$-e	1.38[2]	1.47[3]	1.34
Portfolio-wide Intensity $kgCO_2$-e/$ lent	1.27[4]	1.50[5]	1.10
Data Quality Score[6]	1.39[7]	1.37[8]	1.20

Current EAD $bn (% of Group EAD)	1.22 (0.10%)

The key design choices we used in calculating our emissions intensity reduction target for our steel production financing activities are summarised in Table 7 below.

Table 7 – Key design choices in calculating 2030 steel production financed emissions target

2030 Target	• 28% reduction in emissions intensity from 2021 baseline
ANZ Customers Included	• Companies that own and operate one or more steel production mill[9] • Customers above are included where ANZ's exposure is at least $1 million
Emissions Included	• Scope 1 & 2 emissions[10]
Metric	• Emissions intensity of steel production (tCO_2-e/t steel)[11]
Financing Activities Included	• Exposure at default. This represents the Group's exposure to each sector based on APRA's calculation formula which includes total committed loans (drawn plus a proportion of off-balance sheet exposures as specified by APRA)
Attribution Approach	• Portfolio-weighted approach (measures ANZ's financing to customers relative to ANZ's total financing to the steel sector)
Benchmarking Scenario	• International Energy Agency (IEA) Net Zero Emissions by 2050 Scenario (2021)
Key External Data Sources	• Customer disclosures • Asset Resolution • Woodmac • International Energy Agency

The information in this section should be read together with our disclaimer and important notices available *here* and our Financed Emissions Methodology available *here*.

1. This is a restatement of the 2022 Emissions Intensity we reported in 2022 of 1.95 tCO_2-e/t steel. **2.** This is a restatement of the 2021 Absolute Financed Emissions we reported in 2022 of 1.36 $MtCO_2$-e. **3.** This is a restatement of the 2022 Absolute Financed Emissions we reported in 2022 of 1.43 $MtCO_2$-e. **4.** This is a restatement of the 2021 Portfolio-wide Intensity we reported in 2022 of 1.32 $kgCO_2$-e/$ lent. **5.** This is a restatement of the 2022 Portfolio-wide Intensity we reported in 2022 of 1.47 $kgCO_2$-e/$ lent. **6.** The data quality score was calculated in accordance with guidance made available by the Partnership for Carbon Accounting Financials (PCAF) in The Global GHG Accounting and Reporting Standard for the Financial Industry, December 2022. **7.** This is a restatement of the 2021 Data Quality Score we reported in 2022 of 1.44. **8.** This is a restatement of the 2022 Data Quality Score we reported in 2022 of 1.42. **9.** Includes both primary and secondary production processes. Exposure to entities involved in the trade of raw inputs such as metallurgical coal and iron ore are not included in the scope of these metrics or targets. For our diversified customers, we look at what percentage of their revenue is derived from the sale of steel and then apportion our EAD to these activities using the same percentage. **10.** Where customers purchase semi-finished products such as crude iron, this is not included within our emissions intensity target as they are not included in the customers Scope 1 or 2 emissions. We will consider how to deal with Scope 3 emissions in future years. **11.** Given the availability of crude steel data within customer public disclosures, we refer to crude steel within our emissions intensity metric. This differs from the SBTi Steel Science-Based Target Setting Guidance (July 2023), which specifies 'hot-rolled steel' as the denominator.

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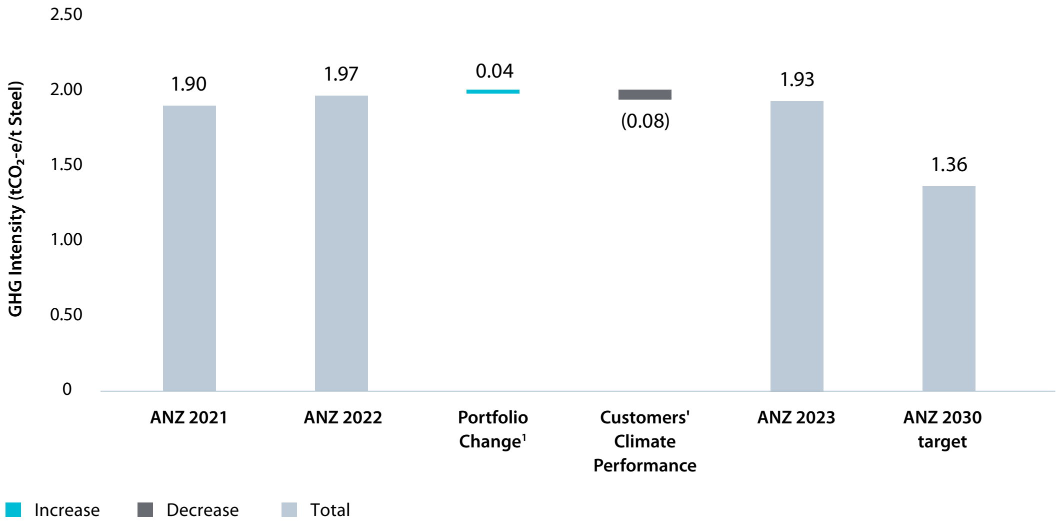
STEEL (CONTINUED)

Performance against target

Graph 7.2 – Steel portfolio emissions intensity movements



1. Includes changes in exposure as well as APRA's new regulatory capital framework for Australian banks effective from 1 January 2023. This resulted in changes in the credit risk capital that ANZ is required to set aside in respect of different products and as a result, impacts the way Exposure at Default is calculated.

Our 2021 portfolio baseline of 1.90 tCO_2-e/t steel closely reflects the 2020 global average of 1.89 tCO_2-e/t steel.[1]

The emissions intensity of our steel production portfolio has increased by 1.6% from our 2021 baseline to 1.93 tCO_2-e/tonne steel (Graph 7.1). Given the significant technological advances required to enable commercialisation of low emissions steel making, the emissions intensity reduction pathway of the steel sector will likely be slow moving. We are seeing efficiency measures being taken and investment into research and development in the steel sector.

The reduction in emissions intensity was mainly driven by improved customers' climate performance (Graph 7.2). Exposure to the sector has increased slightly year-on-year, however due to improved customers' climate performance, we saw a reduction in our absolute financed emissions and portfolio-wide intensity.

Actions to achieve 2030 target

A small number of customers (less than 10) make up the material portion of our exposure to this sector. As our emissions intensity target is based on a portfolio-weighted metric, we intend to prioritise financing projects and customers producing steel at an average intensity below our 2021 baseline portfolio average of 1.90 tCO_2-e/tonne steel, noting this 'average' will reduce over time.

With the September 2023 release of the Sustainable Steel Principles,[2] we are working to better understand our customers' percentage of scrap steel used in production and their existing steel production technology mix.

We have begun, and will continue, to engage with customers to understand their transition plans, emissions reduction targets and how we can assist in supporting these customers transition towards lower emissions steel production.

Opportunities for emission reductions and challenges

The global steel industry accounts for approximately 6%-9% of total global emissions, with demand set to grow by up to 40% from current levels by 2050.[3]

Steel is primarily made through one of two methods:

- **Traditional blast furnace – basic oxygen furnace (BF-BOF):** the blast furnace converts iron ore to iron using coke (made from metallurgical coal) heated to high temperatures. Other impurities in the ore also melt, forming slag, which is separated out. The molten iron is then transferred to a basic oxygen furnace where high temperature air is added to remove the remaining impurities (mainly carbon and silica), and steel is produced.
- **Electric arc furnaces (EAF):** are charged with scrap steel directly and can be powered by renewable energy, however there is currently not enough scrap steel available to convert steelmaking to EAF technology and satisfy global steel demand.[4]
- Secondary production of steel, via electric arc furnace, has a significantly lower emissions intensity, but is limited by scrap availability and challenges associated with producing high-quality steel from scrap.

Opportunities for emission reductions are well defined:

- moderation of steel demand via end user efficiency; and
- retrofitting BF-BOFs.

However the majority of the technologies facilitating further reductions, while available, are not yet commercially viable. Viability of technologies such as carbon capture utilisation/storage (CCUS) and near-zero-emissions direct reduction of iron-ore using natural gas, green hydrogen and bioenergy, are likely key to eliminating the 'hard-to-abate' emissions of the sector.

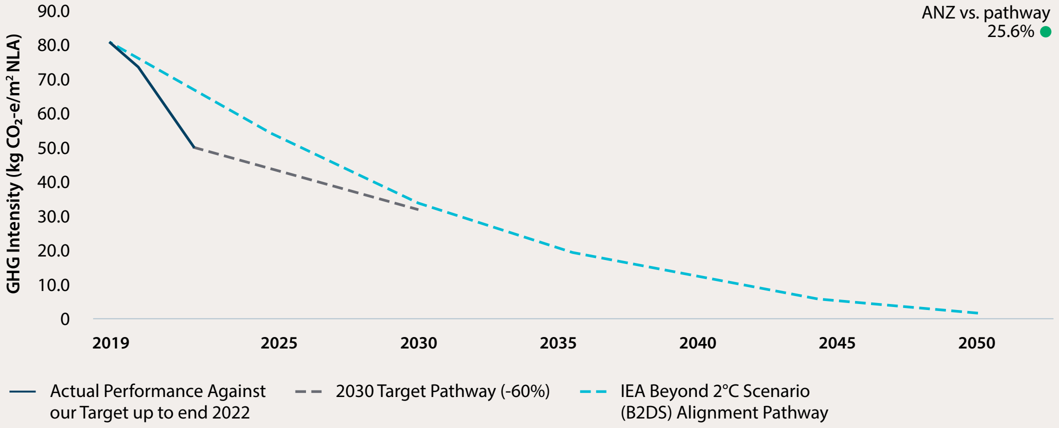
For example, direct reduced iron is an alternate to blast furnace iron production, in which hydrogen use is being explored as key technology in low or no emissions steel making.[5]

1. World Steel Association – Climate Change and the Production of Iron and Steel, 2021. 2. Sustainable Steel Principles. 3. International Energy Agency – Iron and Steel Technology Roadmap, 2020. 4. About steel – worldsteel.org. 5. World Steel Association – Hydrogen (H2)-Based Ironmaking Fact Sheet, June 2022.

BUILDINGS

Large-scale commercial real estate

Graph 8a.1 – Large-scale commercial real estate – office buildings



Graph 8a.2 – Large-scale commercial real estate – shopping centres

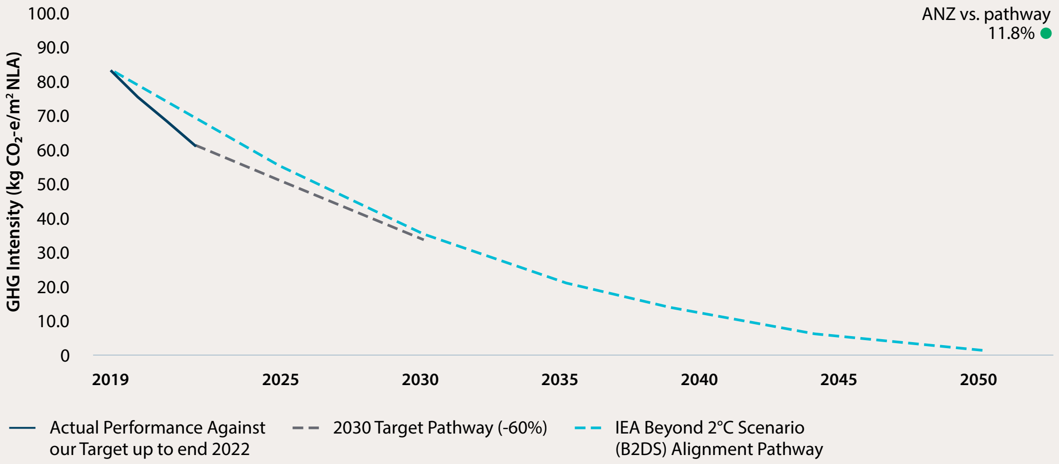


Table 8a – Key design choices in calculating 2030 large-scale real estate financed emissions target

2030 Target	• 60% reduction in emissions intensity from 2019 baseline – office buildings and shopping centres
ANZ Customers Included	• Office buildings and shopping centres fully or partially owned by large Real Estate Investment Trusts (REIT) or property fund customers in our Australian Institutional loan book
Emissions Included	• Scope 1 and 2 emissions (from building operational energy use) • Scope 3 emissions (Category 3 – Fuel and energy related emissions)
Metric	• Emissions from building energy use per square meter of net lettable area (kgCO_2-e/NLA)[1]
Financing Activities Included	• All lending to relevant customers
Attribution Approach	• No financing attribution approach applied
Benchmarking Scenario	• International Energy Agency (IEA) Beyond 2°C (B2D) scenario for service buildings presented in the 2017 Energy Technology Perspectives report[2]
Key External Data Sources	• National Australian Building Energy Rating Scheme (NABERS) energy rating certificates (Emissions Data) • Australian Government Building Energy Efficiency Register (NLA of office buildings)

The information in this section should be read together with our disclaimer and important notices available *here* and our Financed Emissions Methodology available *here*.

1. On most occasions this was associated with base building energy use, for which our customers elect to get their buildings rated.
2. The B2D scenario puts service buildings on a pathway to achieve net zero emissions by 2050, with most of these savings to be achieved before 2030. The 2050 convergence to net zero emissions for service buildings aligns closely with the Net Zero Emissions by 2050 scenario published by the IEA in May 2021.

TCFD

LARGE-SCALE COMMERCIAL REAL ESTATE (CONTINUED)

Performance against target (not updated in 2023)

The carbon intensity of our Australian large-scale real estate portfolio has declined consistently since 2019. We understand that this is due in large part to the actions taken by our customers to reduce their energy consumption and the carbon intensity of their final energy use – especially through purchases of accredited green power.

We have chosen not to report a pathway update at this time due to a change in the key underlying data by a third party. We will seek to resolve this challenge and provide an update as soon as practicable. Graphs 8a.1 and 8a.2 show the performance against our target up to end 2022.

We set the pathway for this sector prior to joining the NZBA and we will review our pathway in 2024 to align more closely with their guidance. To that end, we are involved in a working group with some of our Australian banking peers that will seek to develop robust and comparable methodologies for measuring the financed emissions of commercial real estate portfolios, and that is expected to improve the ability to attribute financed emissions.

Actions to lower emissions of our commercial real estate portfolios

ANZ engages with a number of large-scale commercial real-estate customers on their low-carbon transition plans, and this has been a key driver in realising opportunities in the sector for sustainable finance as outlined below.

In 2020, we updated our policy so that all new large-scale offices[1] financed by ANZ in the large-scale commercial real estate sector are required to have a 5-star NABERS[2] rating or above.

Opportunities for emissions reduction and challenges

Non-residential buildings are one of the largest end-users of electricity in Australia and will play a critical role in Australia's path to net zero emissions.

Green buildings comprise a sizeable proportion of the assets we have funded under our previous $50 billion sustainable solutions target and we anticipate will continue to have a significant role in helping to achieve our new $100 billion social and environmental sustainability target. This includes around $200m having already been funded or facilitated towards 'green buildings' as part of our new target, outlined on page 20 of this report.

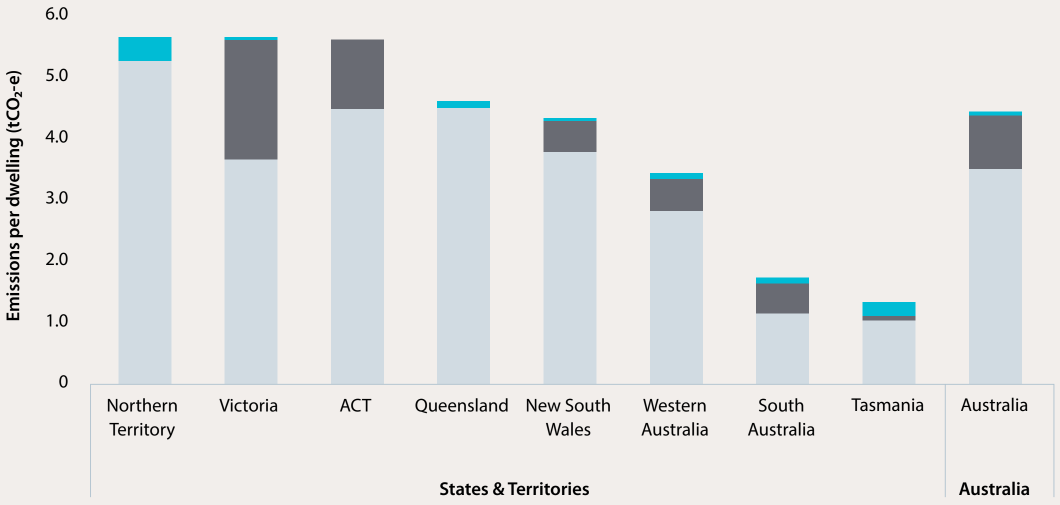
Our activity in this respect has supported the construction of new buildings and the retrofit of existing buildings so that they operate with lower carbon intensity. We see these opportunities continuing to grow in the future as building owners set their own carbon targets that are expected to be achieved through a combination of measures including:

- improved energy efficiency;
- greater electrification of final energy use;
- voluntary purchases of green electricity; and
- self-generation of electricity from solar PV installations.

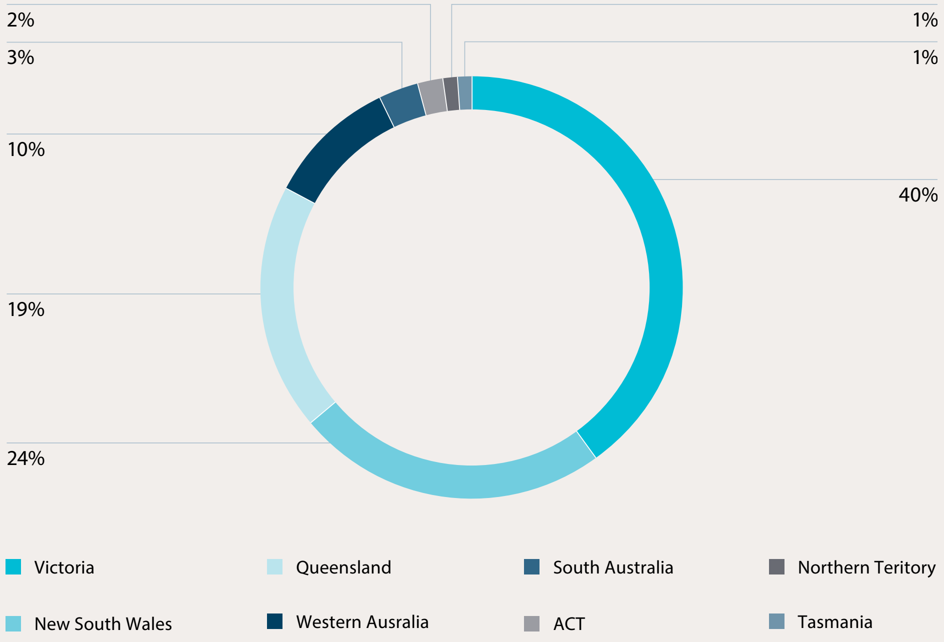
1. A "large-scale office" is an office building with a Net Lettable Area >10,000 sqm located within a major CBD. **2.** National Australian Built Environment Rating Scheme.

Australian Residential Home Loans

Graph 8b.1 – Australian Residential Home Loans



Graph 8b.2 – Financed emissions by State & Territory



Residential Home Loans Metrics Summary

Metric	2023
Emissions Intensity (t CO_2-e/dwelling)	4.44
Absolute financed emissions (Mt CO_2-e)	1.693
Portfolio-wide intensity (kg CO_2-e/$ lent)	0.006
Data Quality Score[1]	5.0
Current loans outstanding $bn[2]	280.17

1. The data quality score was calculated in accordance with guidance made available by the Partnership for Carbon Accounting Financials (PCAF) in the *Global GHG Accounting and Reporting Standard for the Financial Industry – Part A* (available here). **2.** This figure reflects the status of ANZ's Australian home loan book at May 31 each year and in cases where the value of the outstanding loan exceeds the value of the mortgaged home, the outstanding loan value is adjusted down to be equivalent to the value of the house.

AUSTRALIAN RESIDENTIAL HOME LOANS (CONTINUED)

The key design choices we used in calculating the average emissions per dwelling of our Australian residential home loan portfolio are summarised in Table 8b.

Table 8b – Key design choices in calculating the average emissions intensity of our Australian residential home loan portfolio

Activities Included	• Energy-related emissions from the day-to-day running of ANZ residential home loan customers' properties
Emissions Included	• Scope 1 (Gas and Liquified Petroleum Gas (LPG)) and Scope 2 (electricity use sourced from local electricity grids)
Metric	• Average emissions per dwelling (tCO_2-e)
Financing Activities Included	• On-balance sheet loans for the purchase and refinance of residential properties, including individual homes and multi-family housing with a small number of units
Attribution Approach	• Calculated for each individual home loan property and based on a loan-to-value approach where the outstanding amount of loans at the end of May each year is divided by the property value at loan origination (or latest financing event)
Benchmarking Scenario	• Not applicable (no target set)
Key External Data Sources	• Gas and electricity distributors • State and national energy regulators • Australian Energy Statistics (Department of Climate Change, Energy, the Environment and Water)

The information in this section should be read together with our disclaimer and important notices available *here* and our Financed Emissions Methodology available *here*.

Performance summary

The average emissions intensity of our Australian home loan customer's homes in 2023 was 4.44 tCO_2-e per dwelling. These are the emissions resulting from our customer's use of electricity, gas and LPG across more than 700,000 dwellings across Australia.

Electricity from local power grids is the largest source of residential emissions in each state and territory. Residential emissions are considerably lower in Tasmania and South Australia, because those states have the least carbon intensive electricity grids. In contrast, homes located in the warmer climate of the Northern Territory were the largest users of electricity in Australia, mostly used to cool their homes. This pattern of higher electricity consumption was replicated for our customers' homes in Northern Queensland and North-Western Australia.

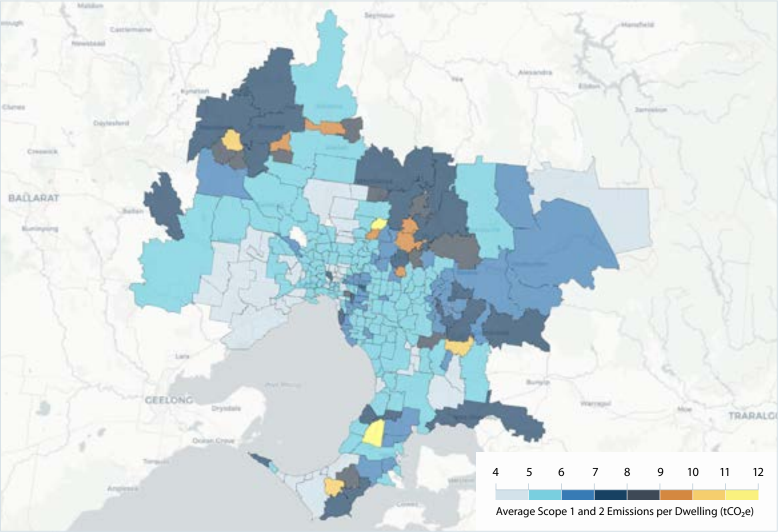
Gas is the next largest contributor to household emissions, although there are considerable differences in consumption between state and territories across Australia. Victoria and the ACT are the largest users of gas, which is a function of high penetration of gas connections across those jurisdictions (78% and 66% respectively) and high consumption per dwelling. In contrast, the warmer climate of Queensland has translated not only into low gas connection rates, but also low consumption per dwelling. LPG consumption is higher in states and territories that don't have high gas consumption, especially in Tasmania and the Northern Territory, where the rates of connection to gas distribution networks are low or non-existent.

AUSTRALIAN RESIDENTIAL HOME LOANS (CONTINUED)

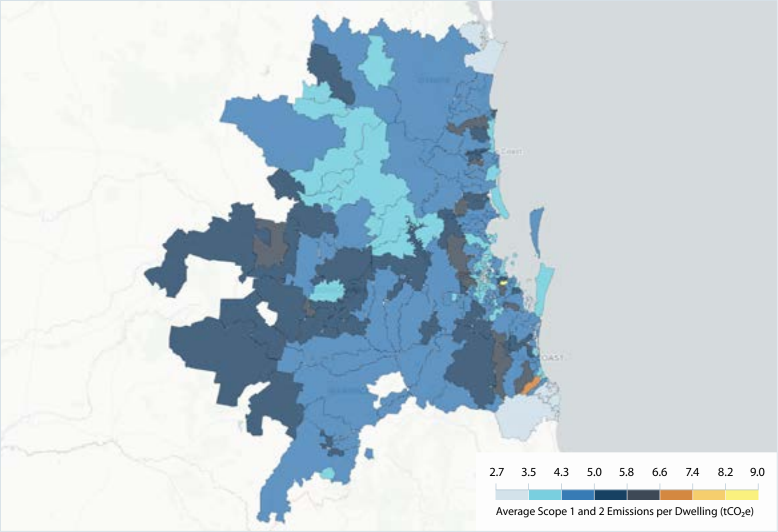
Differences in energy related emissions were found to exist not only across different states and territories of Australia, but also in dwellings within the same metropolitan area. The maps on the right show average emissions per dwelling for postcodes within metropolitan Melbourne, Sydney and Brisbane that are responsible for almost two thirds of our total financed emissions of around 1.7 million tonnes. There were some common energy usage patterns that emerged across all three metropolitan areas:

- lower energy-related emissions in high-density, inner-city areas with multi-storey apartments. The smaller living areas, and fewer occupants in these apartments has translated into lower overall energy consumption per dwelling
- higher emissions per dwelling in postcodes containing well established, larger homes built in the 20th century prior to the introduction of minimum performance standards for energy efficiency, and subsequently require larger amounts of energy to heat and cool
- lower emissions per dwelling in high growth postcodes where newer homes have had to achieve a minimum energy efficiency standard under the National Construction Code. The greater percentage of energy efficient homes in these fast-growing areas is evident, with lower energy-related emissions per dwelling compared to the older and more established suburbs of metropolitan cities

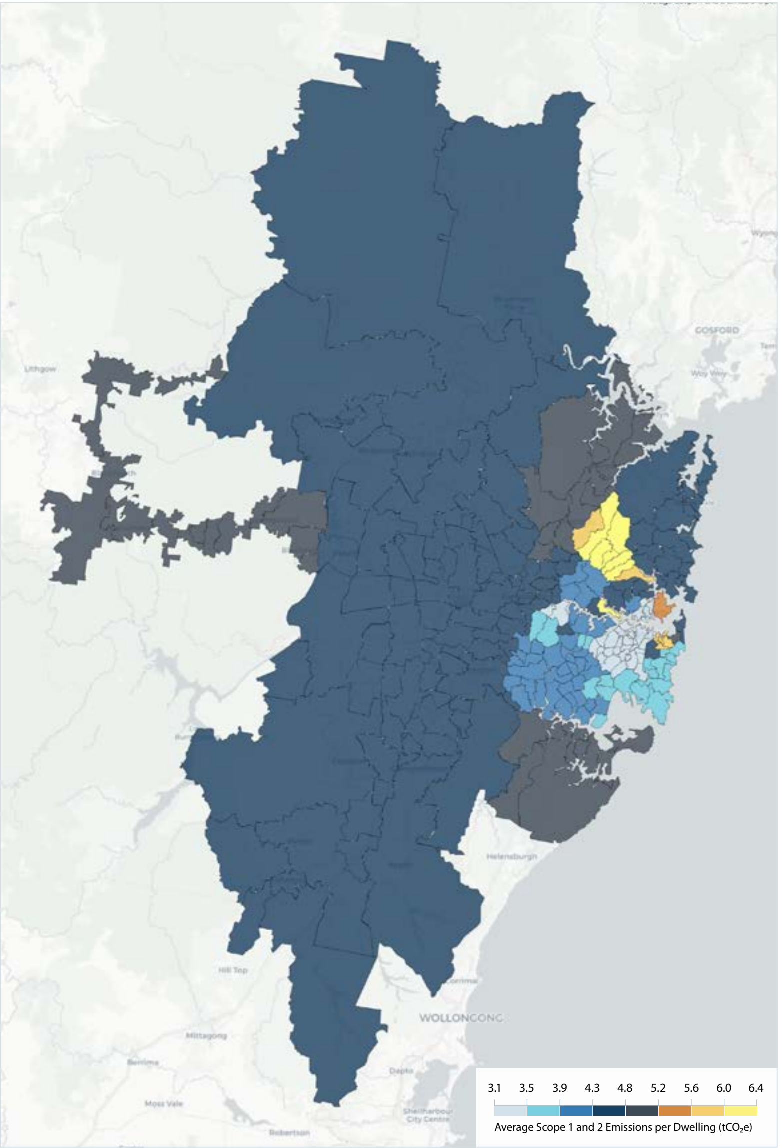
Graph 8b.3 – Melbourne metro



Graph 8b.5 – Brisbane metro



Graph 8b.4 – Sydney metro



AUSTRALIAN RESIDENTIAL HOME LOANS (CONTINUED)

Our customers in Victoria, New South Wales and Queensland are responsible for 84% of our total financed emissions. Around 40% of the total comes from our Victorian customers' homes, where we have the highest number of residential home loan customers. Despite Victoria having lower electricity consumption per dwelling than other states and territories, this is largely offset by it having the most carbon intensive electricity grid and a higher reliance on distributed gas – especially during the colder winter months. In contrast, the large reliance of Queensland residents on electricity to run their homes, presents a significant opportunity for our customers in this state to achieve a faster path to net zero emissions, especially with the continued decarbonisation of the electricity grid and potential for increased energy self-reliance through high rates of rooftop solar installation.

Opportunities for emissions reduction and challenges

For ANZ's home loan portfolio to reach net zero emissions, this will depend not only on the actions that our customers take, but also the combined actions of governments and regulatory and planning bodies that have a key role in decarbonising energy supply and improving the energy efficiency of homes and the sustainability of urban forms.

As financiers, our role in supporting the decarbonisation of Australian homes is multifaceted. Electricity is the largest source of emissions in Australian homes and ANZ is supporting the higher penetration of renewables into electricity grids that supply our customers' homes. We also recognise our role in providing finance to build new homes and retrofit existing homes so they require less energy to heat and cool, are powered by energy efficient appliances and use rooftop solar to offset as much of their remaining energy use as possible. We acknowledge we have an important role in helping our new and existing home loan customers to identify, understand and implement these opportunities.

While ANZ has not yet committed to a target for reducing the emissions from our Australian home loan customers' homes, we recognise that any pathway to net zero emissions will require a concerted shift towards electrification of end-uses such as space heating and water heating and cooking. Taken together, gas and LPG are currently responsible for 21% of the energy-related emissions for the average home in our Australian home loan book. In our largest market of Victoria, it is 35%.

We note recent policy changes of the ACT and Victorian Governments – along with several other local government jurisdictions – to phase out gas connections in new homes starting from late-2023. Significant challenges remain however in electrifying existing homes and improving their overall energy efficiency. ANZ recognises we will have an important role to play in supporting that transition over the next 20-30 years and will continue to engage with relevant stakeholders over the coming years in seeking to ensure our contribution is well targeted and helps to deliver meaningful cuts in emissions, as well as cost savings for our home loan customers.

LARGE INSTITUTIONAL AGRIBUSINESS CUSTOMERS

In Australia, the agribusiness sector represents approximately 14%[1] of Australia's emission profile with data availability an ongoing challenge across the sector.

ANZ has set a data coverage target for our Large Institutional Agribusiness Customers (LIAC)[2] to encourage and support the provision of high quality and comparable emissions data. The customers included in the target are all large companies, either multinationals with significant operations in Australia or companies headquartered in Australia.

Each of our customers handle one or more of the different agricultural commodities including: grain, dairy, rice, poultry, beef, viticulture, aquaculture and horticulture. Each of these commodities has a unique emissions profile and may require an industry specific pathway to transition to net zero. There is currently no widely accepted Paris-aligned pathway for the sector as a whole and there remain challenges with the quality and availability of data.

On that basis, ANZ believes it is premature to set an emissions reduction target. However, with the intention of improving our understanding of our LIACs and to encourage their efforts to improve disclosure in this area, we have developed a data coverage target, see Table 9.

Table 9 – Key design choices in setting the Data Coverage target:

Data	Seek the disclosure of Scope 1 and 2 emissions at a standard equivalent to the 'Australian National Greenhouse Account Factors'[3] by 100% of relevant LIAC's[4] by the end of financial year 2027
ANZ Customers Included	Companies that own or operate companies across the entire value chain including: • Farm input providers (e.g., fertiliser) • Producers (e.g., beef, lamb, grain, poultry, aquaculture) • Processors (e.g., bulk-handlers, meat processors) • Retailers (e.g. supermarkets) • Quick-service restaurants (large fast food chains)
Key External Data Sources	• Customer public disclosure • National Greenhouse and Emission Reporting • National Greenhouse Account Factors

ANZ's LIAC Data Coverage Target will support our customers as they prepare for the Australian Government's proposed mandatory Climate-related Financial Disclosures regime.

We will support our customers through ongoing engagement to understand their transition plans, emissions reduction targets and how we can assist customers to transition to net zero. As of 30 September 2023, 72% of our Large Institutional Agribusiness Customers are disclosing Scope 1 and 2 emissions and 41% are doing so to the Australian Clean Energy Regulator (ACER).[5] Those meeting the ACER standard will also meet this target.

Agriculture: The practice of cultivating the soil, growing crops, or raising livestock for human use, including the production of food, feed, fibre, fuel, or other useful products. Also known as farming.[6]

Agribusiness: Large-scale, industrialised agriculture controlled by corporations, which includes all of the operations involved in the production, storage, processing, distribution, and wholesale marketing of farm products.[7]

The information in this section should be read together with our disclaimer and important notices available *here* and our Financed Emissions Methodology available *here*.

1. DAFF – Global Responses to Climate Change. **2.** Consists of our Australian Institutional Food, Beverage and Agribusiness customers. **3.** DCCEEW – Australian National Greenhouse Accounts Factors, 2023. **4.** The customers covered by this target sit within ANZ's Institutional portfolio and have a Group Relationship Point in Australia as of 01 October 2023. **5.** Clean Energy Regulator. **6.** Agriculture, The Oxford Reference. **7.** Agribusiness, The Oxford Reference.

TCFD

TOTAL LENDING PORTFOLIO

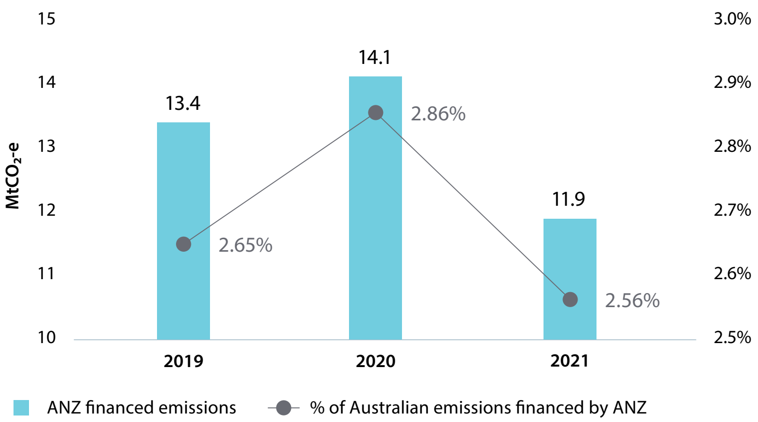
This year, we have conducted an initial analysis to understand the size of financed emissions[1] within our total lending portfolio in Australia.[2]

The analysis shows that from 2019 to 2021, our estimated total financed emissions in Australia decreased from 13.4 to 11.9 $MtCO_2$-e, despite a notable increase in 2020, primarily attributable to increased outstanding lending to the mining sector. A similar trend can be observed in the percentage of Australia's national emissions that we financed, which remained below 3% over the period. In terms of financed emissions intensity, we observed a 14% decrease in 2021 compared with 2019, as a result of both the decarbonisation efforts of the Australian economy and changes in the composition of our total Australian lending portfolio.

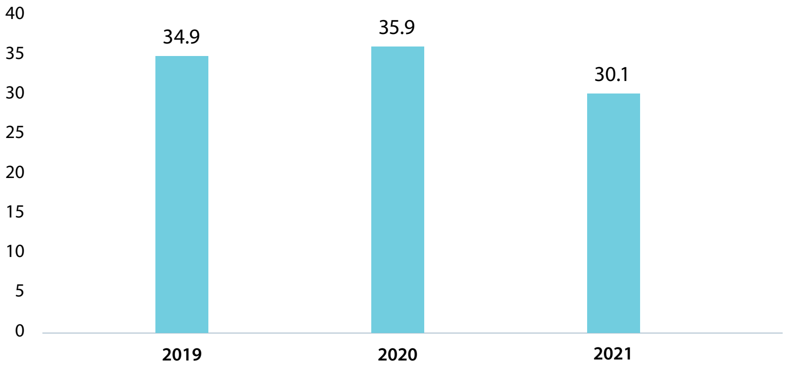
Time lags involved in compiling national greenhouse gas emissions inventories meant that the most recent data accessible at the time of analysis was from the year 2021, and so this is the most recent year for which we have calculated our total lending Portfolio emissions.

The information in this section should be read together with our disclaimer and important notices available *here* and our Financed Emissions Methodology available *here*.

Graph 10.1 – ANZ financed emissions in Australia



Graph 10.2 – ANZ financed emissions intensity in Australia (tCO_2-e/A$m lent)



Sector	ANZ OUTSTANDING LENDING[3] ($BN)			FINANCED EMISSIONS ABSOLUTE ($MTCO_2$-E)			% AUSTRALIA EMISSIONS			FINANCED EMISSIONS INTENSITY (TCO_2-E/$M LENT)		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Agriculture	10.4	11.6	12.6	1.1	1.2	1.0	1.3%	1.4%	1.4%	104.6	102.7	82.6
Mining	2.9	3.5	2.5	2.1	3.0	1.7	2.0%	2.8%	1.7%	723.3	835.7	684.2
Manufacturing	6.3	5.8	5.9	1.9	2.3	2.2	3.3%	4.1%	3.7%	309.3	402.5	364.8
Utilities	3.3	3.2	3.5	5.4	4.8	4.6	2.9%	2.7%	2.8%	1,641.2	1,478.2	1,306.0
Construction	4.1	4.1	4.0	0.2	0.2	0.2	1.4%	1.4%	1.4%	44.6	44.5	43.4
Commercial Services	104.0	100.1	100.0	0.5	0.3	0.2	4.3%	4.2%	4.0%	5.2	3.1	1.5
Transport and Storage	6.6	7.2	7.0	1.6	1.8	1.6	5.1%	6.1%	5.8%	247.2	254.3	229.8
Residential	246.4	257.2	260.4	0.5	0.5	0.4	3.7%	3.6%	2.9%	2.1	2.0	1.6
Total	**383.9**	**392.8**	**396.1**	**13.4**	**14.1**	**11.9**	**2.7%**	**2.9%**	**2.6%**	**34.9**	**35.9**	**30.1**

TCFD

1. Includes Scope 1 only. **2.** For the purpose of this metric, our total lending portfolio covers lending to the Australian economy, including industry and business, and residential sectors, as identified by the Reserve Bank of Australia. **3.** Outstanding lending is the drawn amount of committed loans. Unlike EAD, it does not include the undrawn amount or off-balance sheet exposures.

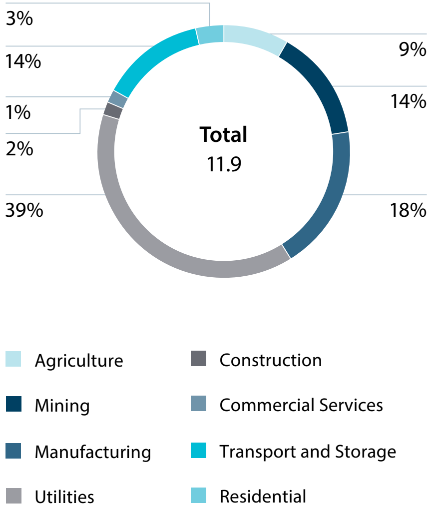
TOTAL LENDING PORTFOLIO (CONTINUED)

Our financed emissions in Australia are largely concentrated in four higher-emitting sectors: Utilities, Manufacturing, Transport and Storage, and Mining, which together account for 85% of our financed emissions in 2021. These four sectors made up about 5% of our total lending portfolio in Australia.

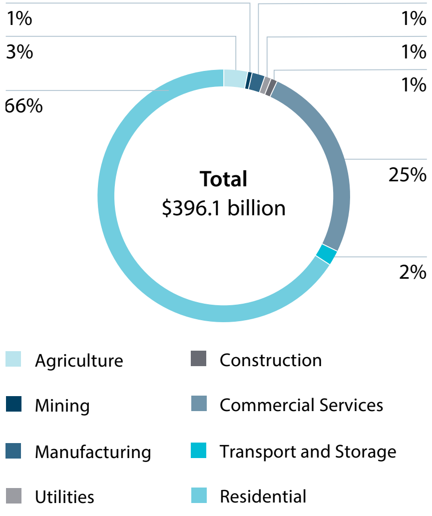
We recognise that the decarbonisation of these sectors is key to achieving our net zero. In line with our NZBA commitment, we are progressively setting Paris-aligned pathways and targets for these sectors – see page 43. Additionally, many of the larger emitters in the sectors for which we have developed targets are covered in our large emitters engagement program, through which we encourage and expect them to strengthen their net zero transition plans – see pages 22-24.

The data used for this analysis was sourced from Australia's National Greenhouse Accounts (ANGA), Reserve Bank of Australia (RBA), Australian Prudential Regulation Authority (APRA) as well as other external and internal sources. Due to data constraints, the basis for the calculation is 'outstanding lending'[1] which is different from the Exposure at Default (EAD) calculation formula that we have used in our sectoral metrics and targets.

Graph 10.3 – 2021 ANZ financed emissions absolute (Scope 1) in Australia – $MtCO_2$-e



Graph 10.4 – ANZ outstanding lending in Australia ($bn)



1. Outstanding lending is the drawn amount of committed loans. Unlike EAD, it does not include the undrawn amount or off-balance sheet exposures.

TCFD

APPENDIX 1
TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) INDEX

TCFD Category	TCFD Disclosure Recommendation	ANZ response – page
Governance Disclose the organisation's governance around climate-related risks and opportunities.	a. Describe the board's oversight of climate-related risks and opportunities.	Pages 8-11
	b. Describe management's role in assessing and managing climate-related risks and opportunities.	Pages 8-11
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Pages 12-20, 22-24, 30, 34-35
	b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Pages 12-20, 22-24, 30, 34-42
	c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Working towards – initial steps outlined on pages 41-42
Risk Management Disclose how the organisation identifies, assesses, and manages climate-related risks.	a. Describe the organisation's processes for identifying and assessing climate-related risks.	Pages 34-42
	b. Describe the organisation's processes for managing climate-related risks.	Pages 36-42
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Pages 36-42
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Pages 43-77, 80-86
	b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Pages 31-32, 43-77, 80-86
	c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Pages 31-32, 43-77, 80-86

TCFD

APPENDIX 2
TASKFORCE ON NATURE-RELATED FINANCIAL DISCLOSURES (TNFD) INDEX

With the release of the Taskforce on Nature-related Financial Disclosures (TNFD) framework in September 2023 – this year we are taking steps towards the TNFD's recommendations to help inform our disclosures. We have included references to where these disclosures are located below. Our disclosures do not purport to be comprehensive or to satisfy all aspects of the TNFD's recommended disclosures.

TNFD Category	TNFD Recommended Disclosures	ANZ response – page
Governance Disclose the organisation's governance of nature-related dependencies, impacts, risks and opportunities.	a. Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities.	Page 11
	b. Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities.	Pages 11, 34-35 and 37
	c. Describe the organisation's human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organisation's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.	Working towards – see our Climate Change Commitment available at anz.com.au/about-us/esg/environmental-sustainability/climate-change/
Strategy Disclose the effects of nature-related dependencies, impacts, risks and opportunities on the organisation's business model, strategy and financial planning where such information is material.	a. Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term.	Working towards – see pages 25-26
	b. Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organisation's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.	Working towards – see our initial steps we are taking utilising the ENCORE tool on pages 27-28
	c. Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios.	Working towards – see our initial steps we are taking utilising the ENCORE tool on pages 27-28
	d. Disclose the locations of assets and/or activities in the organisation's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.	We seek to disclose this in future
Risk Management Describe the processes used by the organisation to identify, assess, prioritise and monitor nature-related dependencies, impacts, risks and opportunities.	a. (i) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations.	We seek to disclose this in future
	a. (ii) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s)	Working towards – initial steps outlined on pages 34-37
	b. Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities.	Pages 34-35
	c. Describe how processes for identifying, assessing, prioritising and monitoring nature-related risks are integrated into and inform the organisation's overall risk management processes.	Pages 34-35
Metrics and Targets Disclose the metrics and targets used to assess and manage material nature-related dependencies, impacts, risks and opportunities.	a. Disclose the metrics used by the organisation to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process.	We seek to disclose metrics in future
	b. Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature.	We seek to disclose metrics in future
	c. Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.	We seek to disclose further metrics in future – see page 26 for our current target which incorporates consideration of biodiversity

Management commentary
(no financial statements)

APPENDIX 3
ANZ'S CLIMATE TARGETS – PORTFOLIO FINANCED EMISSIONS PATHWAYS AND TARGETS

		Targets		Metric			Performance					Exposure as at Sept 30 2023	
		Target reduction[2]	2030			Scope inclusion	Year	Baseline year performance	2023	% change from baseline	% change from pathway	EAD ($bn)	% Group EAD
Energy	1. Power generation	50%	113	Intensity	$kgCO_2$-e /MWh	1	2020	225	169	-25%	🟢 -12%	9.35	0.80%
	2. Oil and gas	26%	9.4	Absolute	Mt CO_2-e	1, 2, 3	2020	12.7	8.9	-30%	🟢 -25%	6.67	0.57%
	3. Thermal coal **(new)**	100%	0	Absolute	Mt CO_2-e	1, 2, 3	2020	9.10	0.39	-96%	🟢 -94%	0.08	0.01%
Transport **(new)**	4a. Auto manufacturing	28%	99	Intensity	gCO_2-e /vkm	3	2022	137	128	-7%	🟢 -5%	1.91	0.16%
	4b. Aviation	30%	720	Intensity	gCO_2-e /RTK	1, 3	2019	902	828	-8%	🟢 -9%	2.04	0.18%
	4c. Shipping	10%	0.43	Absolute	Mt CO_2-e	1, 3	2022	0.48	0.42	-14%	🟢 -12%	1.24	0.11%
Manufacturing	5. Aluminium	30%	5.79	Intensity	tCO_2-e/t aluminium	1, 2	2021	8.30	8.73	+5%	🔴 +13%	0.68	0.06%
	6. Cement	20%	0.49	Intensity	tCO_2-e/t cement[3]	1, 2	2021	0.61	0.57	-7%	🟢 -2.8%	0.31	0.03%
	7. Steel	28%	1.36	Intensity	tCO_2-e/t steel	1, 2	2021	1.90	1.93	+1.6%	🟠 +8.5%	1.22	0.10%
Buildings	8a. Large-scale commercial real estate[1]	60%	Shopping centres: 35.90 Office buildings: 32.09	Intensity	$kgCO_2$-e/NLA	1, 2, 3	2019	Shopping centres: 89.75 Office buildings: 80.21	Shopping centres: 65.71 Office buildings: 49.56	Shopping centres: -27% Office buildings: -38%	Shopping centres: 🟢 -12% Office buildings: 🟢 -26%	Not Assessed[4]	
	8b. Residential home loans **(new)**	Baseline set, no target		Intensity	tCO_2-e/dwelling	1, 2	2023	4.44	N/A	N/A	N/A	N/A	N/A

					Scope inclusion	Year	Baseline year performance	Exposure as at Sept 30 2023	
		Coverage target	Date					EAD ($bn)	% Group EAD
Other	9. Large Institutional Agribusiness Customers **(new)**	100% of LIAC customers[5]	30 Sept 2027	NGA standard or equivalent e.g. audited emissions disclosure	1, 2	2023	59%	4.59	0.39%

🔴 >10% above the pathway 🟠 <10% above pathway 🟢 Below pathway

1. 2022 performance against target (not updated in 2023). Please refer to page 69 for further detail. **2.** See sectoral pathways (pages 49 to 77) for further information. **3.** In line with the 2022 SBTi Cement Guidance when we refer to our intensity target in tCO_2-e/t cement, we have set an intensity target per tonne of 'cementitious product' rather than per tonne of 'cement', per the Cement CO_2 and Energy Protocol. For further details refer to the cement section within this report. **4.** Large-scale commercial real estate data has not been apportioned in line with ANZ lending, this will be reassessed in time. **5.** See page 75 for definition of LIAC customers.

APPENDIX 4
2023 ESG TARGETS THAT CONTRIBUTE TOWARDS CLIMATE OUTCOMES PERFORMANCE SUMMARY

For more information on our full suite of ESG targets, including performance and targets for 2024, see our 2023 ESG Supplement at anz.com/esgreport

Targets	Performance	Status	Related UN SDGs
Fund and facilitate at least $100 billion by end of 2030 in social and environmental outcomes through customer activities and direct investments. This includes initiatives that help lower carbon emissions, protect nature and biodiversity, increase access to affordable housing and promote financial wellbeing.	Since 1 April 2023, we have funded and facilitated approximately $8.8 billion, across 54 transactions, of which $4.1 billion is funded and $4.7 billion is facilitated. On 31 March 2023 ANZ concluded its $50 billion by 2025 sustainable solutions target. We had funded and facilitated close to $47.0[1] billion across 387 transactions and were forecast to meet our $50 billion target well in advance of 2025.	**Revised during 2023**	
Engage with 100 of our largest emitting business customers to encourage them to, by end 2024: • strengthen their low carbon transition plans so that more customers achieve a 'well developed' or 'advanced' rating; and • enhance their efforts to protect biodiversity.	• We re-engaged with all 100 customers on their low carbon transition plans and efforts to protect biodiversity this year. • 64 customers now have 'well developed' or 'advanced' plans versus 42 in September 2021. • We prioritised engagement with 'underdeveloped / starting out' and 'no public plans' rated customers (those with less developed or no public plans) to seek improvements in their plans. Seven customers have improved from 'no public plans' to 'underdeveloped / starting out' in 2023. • For biodiversity, 54 customers have targets, policies or strategies in place to protect biodiversity, with 61 making disclosures of their efforts to protect biodiversity. • We are revising this target with a new phase of engagement with our largest emitting business customers commencing in 2024 triggered, in part, by the Safeguard Mechanism in Australia.	**Revised for 2024**	

1. This number is a restatement from our 2023 half year unaudited disclosures made on 5 May 2023. The $50 billion target was closed after reaching $47.09 billion; the closing audited balance has since been confirmed as $46.99 billion.

APPENDIX 4 – 2023 ESG TARGETS THAT CONTRIBUTE TOWARDS CLIMATE OUTCOMES PERFORMANCE SUMMARY (CONTINUED)

Targets	Performance	Status	Related UN SDGs
Improve the management of climate change risks through the following activities by end 2023:		Achieved	13 Climate Action
• preparing a set of risk standards based on regulatory obligations, to be applied across all countries and territories where ANZ operates;	• We engaged an external provider to undertake an assessment comparing regulatory expectations across seven of the jurisdictions in which we operate: Australia, New Zealand, Singapore, Hong Kong, the United Kingdom, Europe and the USA. The assessment will help inform the integration of climate risk standards and obligations into our Non-Financial Risk Framework commencing from 2024.		
• extending our Climate Change Risk Assessment (CCRA) methodology beyond our Project Finance business, starting with Institutional customers in higher emitting sectors such as resources and energy;	• The CCRA has been digitised and integrated into our credit risk assessment process via our Online Customer Profile platform, alongside our Social & Environmental Risk screening tool. • The CCRA is being expanded beyond our Project Finance business starting with Institutional energy sector customers subject to the enhanced due diligence process and customers in our Large Emitters Engagement Program. • The CCRA will continue to be rolled out to Institutional customers in a phased approach across 2024 and 2025.		
• developing a data strategy to inform our approach to sourcing and integrating climate data into sectoral transition pathways, scenario analysis, stress testing and analytics. This will include lessons learned from the New Zealand climate risk program.	• An Environmental Sustainability (ES) data strategy has been developed and endorsed by Data Prioritisation Forum members. • We expect the data strategy will help us to develop a more coordinated, centralised approach to climate data that can be shared across divisions and jurisdictions in which we operate.		
Reduce the direct impact of our business activities on the environment[1] by:		Revised for 2024	6 Clean Water and Sanitation; 7 Affordable and Clean Energy; 12 Responsible Consumption and Production; 13 Climate Action
• Reducing Scope 1 and 2 emissions by 85% by 2025 and 90% by 2030 (against 2015 baseline);	Scope 1 and 2 emissions have decreased by **80%** since 2015		
• Increasing renewable electricity to 100% by 2025[2];	**49%** of electricity consumption associated with our operations came from renewable sources in 2023		
• Reducing water consumption by 40% by 2025 (against 2017 baseline);	Global water consumption has decreased by **61%** against a 2017 baseline		
• Reducing waste to landfill by 40% by 2025 (against 2017 baseline);	Waste to landfill generated by global operations has decreased by **71%** since 2017		
• Reducing paper consumption (both office and customer paper use) by 70% by 2025 (against 2015 baseline).	Paper consumption has decreased **71%** since 2015		

1. Environmental reporting year is 1 July – 30 June, in line with the Australian regulatory reporting year. **2.** Self-generated renewable electricity, direct procurement from offsite grid connected generators e.g. Power Purchase Agreement (PPA) and default delivered renewable electricity from the grid, supported by credible attributes in accordance with RE100 technical guidelines.

TCFD

APPENDIX 5
ESG TARGETS FOR 2024 THAT CONTRIBUTE TOWARDS CLIMATE OUTCOMES

	TARGETS	MATERIAL ISSUES	RELATED UN SDGS
Revised during 2023 and for 2024	Fund and facilitate at least $100 billion by end 2030, including $15 billion by end 2024, in social and environmental outcomes through customer activities and direct investments by ANZ. This includes initiatives that help lower carbon emissions, protect nature and biodiversity, increase access to affordable housing and promote financial wellbeing.	Environmental sustainability, Financial wellbeing, Housing	

Environmental sustainability Financial wellbeing Housing

TCFD

APPENDIX 5 – ESG TARGETS FOR 2024 THAT CONTRIBUTE TOWARDS CLIMATE OUTCOMES (CONTINUED)

	TARGETS	MATERIAL ISSUES	RELATED UN SDGS
Revised for 2024	Enhance our management of climate risks and opportunities by intensifying our engagement with our largest emitting business customers. We will expect and encourage them to strengthen their low carbon transition plans, by: • focusing our engagement and raised expectations on our 100 largest emitting customers with the aim that by end 2025, compared to their starting point more customers achieve a 'well developed' or 'advanced' rating for their low carbon transition plans; • extending the use of our Climate Change Risk Assessment methodology so that by end 2024 it has been used to support our engagement with the revised list of our 100 largest emitting customers.		12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION; 15 LIFE ON LAND
	Reduce the direct impact of our business activities on the environment[1] by: • Reducing combined scope 1 and 2 emissions 85% by 2025 and 90% by 2030 (against 2015 baseline); • Increasing renewable electricity to 100% by 2025; • Reducing water consumption by 40% by 2025 (against 2017 baseline); • Reducing waste to landfill by 40% by 2025 (against 2017 baseline); • Reducing paper consumption (both office and ANZ originated customer paper use) by 70% by 2025 (against 2015 baseline)[1].		6 CLEAN WATER AND SANITATION; 7 AFFORDABLE AND CLEAN ENERGY; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION
	Helping New Zealand homeowners improve the sustainability of their homes and/or reduce their transport emissions through discounted lending of at least NZ$670m in aggregate to at least 16,000 households by end 2025. (New Zealand)		9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 11 SUSTAINABLE CITIES AND COMMUNITIES

1. Environmental reporting year is 1 July – 30 June, in line with the Australian regulatory reporting year.

Environmental sustainability Financial wellbeing Housing

TCFD

APPENDIX 6

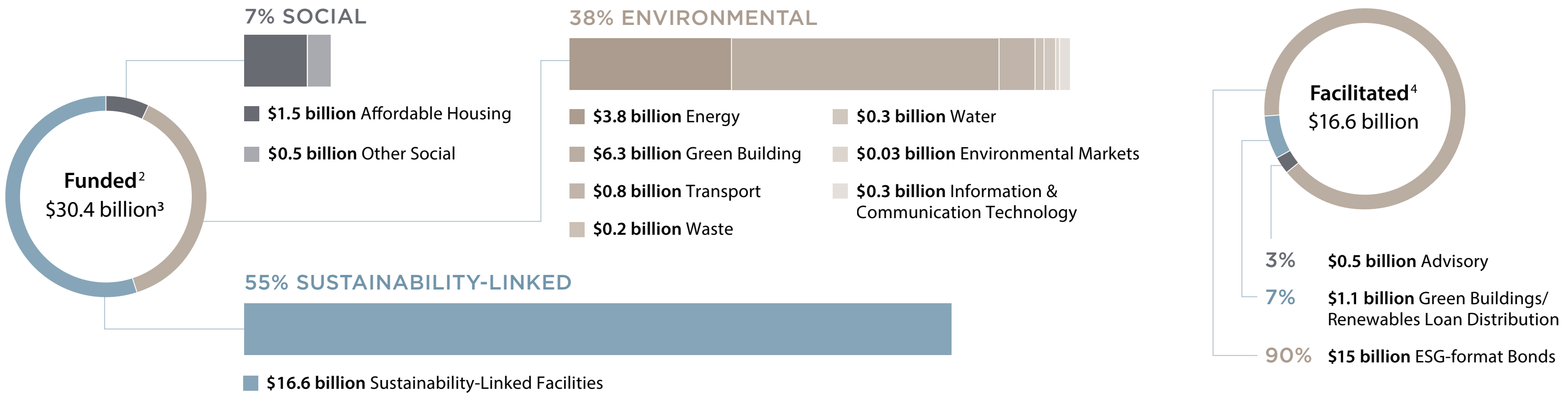
FINANCING SUSTAINABILITY – $50B SUSTAINABLE SOLUTIONS TARGET AND $100B SOCIAL AND ENVIRONMENTAL SUSTAINABILITY TARGET

On 31 March 2023 ANZ concluded its $50 billion by 2025 sustainable solutions target. We had funded and facilitated close to $47.0 billion.[1]

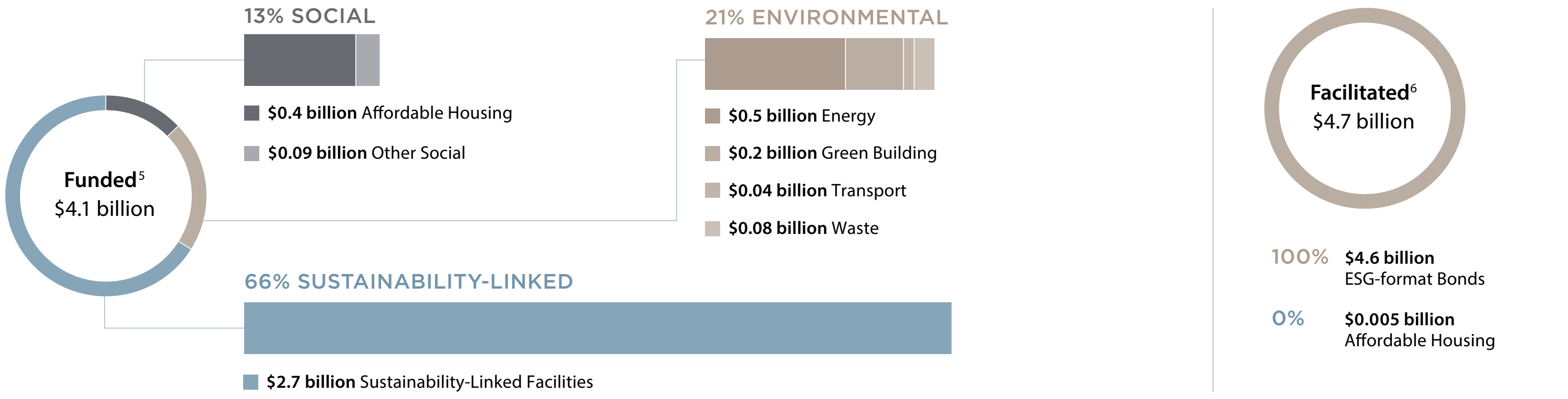
Therefore, on 1 April 2023 ANZ commenced a new social and environmental sustainability target to fund and facilitate at least $100 billion by the end of 2030 in social and environmental outcomes through customer activities and direct investments by ANZ.

See page 20 for more details.

$50b sustainable solutions target - 1 October 2019 to 31 March 2023



Progress towards our $100b social and environmental sustainability target - 1 April 2023 to 30 September 2023



1. This number is a restatement from our 2023 half year unaudited disclosures made on 5 May 2023 when the $50 billon target was closed after reaching $47.09 billion; the closing audited balance has since been confirmed as $46.99 billion. **2.** For more information on funded categories see ANZ's 2022 ESG Supplement. **3.** Numbers do not add to total due to rounding. **4.** For more information on facilitated categories see ANZ's 2022 ESG Supplement. **5.** For more information on funded categories see ANZ's Social and Environmental Sustainability Target Methodology. **6.** For more information on facilitated categories see ANZ's Social and Environmental Sustainability Target Methodology.

TCFD

APPENDIX 7
ENVIRONMENTAL FOOTPRINT

Operational footprint[1]

GHG emissions Scope 1 and 2 (tonnes CO_2-e)	2023	2022	2021	2020	2019
Australia	67,761	79,787	88,808	101,210	115,688
New Zealand	3,602	4,429	5,205	5,526	6,846
Asia Pacific, Europe and America	17,675	17,664	17,395	27,357	34,034
Total[2]	**89,038**	**101,879**	**111,409**	**134,093**	**156,568**

Global GHG emissions Scope 1, 2 and 3 (tonnes CO_2-e)	2023	2022	2021	2020	2019
SCOPE 1					
Premises energy	2,668	2,229	1,931	1,811	3,091
Vehicle transport	3,448	3,566	4,476	9,832	13,018
Other[3]	69	24	17	119	140
SCOPE 2					
Premises energy	82,853	96,060	104,984	122,331	140,319
SCOPE 3[4]					
Premises energy	10,325	13,143	16,843	23,330	28,367
Vehicle transport	1,380	600	668	1,606	2,069
Travel – flights and accomodation	13,252	4,114	1,984	22,109	38,927
Employee commuting[5]	10,905	5,348	5,438	15,546	19,400
Paper[6]	1,945	2,315	2,826	5,013	2,720
Waste[6]	1,113	1,135	1,564	1,770	2,511
Water[6, 7]	329	306	186	233	297
Work from home[8]	11,370	11,673	12,780	N/A	N/A
Cloud services[9]	3,209	N/A	N/A	N/A	N/A
Freight and postage[9]	6,233	N/A	N/A	N/A	N/A
Capital goods[10]	558	N/A	N/A	N/A	N/A
Total	**149,658**	**140,514**	**153,697**	**203,700**	**250,857**

Global GHG emissions Scope 1, 2 and 3 (tonnes CO_2-e) – Market-Based	2023	2022	2021	2020[12]
Scope 1	6,185	5,819	6,424	11,762
Scope 2	35,939	48,531	59,004	83,324
Scope 3	57,341	30,756	32,653	59,578
Total Market-Based	99,464	85,106	98,082	154,664
Carbon offsets retired[11]	99,464	85,106	98,082	154,664
Net GHG emissions	0	0	0	0

1. Environmental reporting year runs 1 July – 30 June to align to environmental regulatory reporting requirements. **2.** Values may not add to totals due to rounding. **3.** Indicates estimated emissions arising from the operation of a black water treatment plant at ANZ's Global Headquarters in Melbourne, Australia. **4.** Scope 3 emissions from our lending ('portfolio emissions') are not included in the boundary of the carbon neutral assessment as this assessment scope is limited to ANZ's operations. To reduce our portfolio emissions, we are transitioning our lending in line with goals of the Paris Agreement. We are applying emerging tools used by peer banks to measure and compare our efforts in reducing emissions, including how we can report on the impact of our lending decisions. **5.** Represents employee commuting emissions from staff working in key commercial office locations in Australia and New Zealand. **6.** Comparisons with previous years' figures must be viewed with caution due to different methodology. **7.** From 2021 includes global water emissions values, 2018 – 2020 values include Australia only. **8.** Emissions associated with increased home energy use from heating/cooling, lighting, equipment electricity and fuel use as a result of the shift of Australian and New Zealand staff from working out of offices, to working from home. This was calculated and externally assured for the first time in 2021. **9.** Data available for the first time in 2023. **10.** Capital goods include embodied carbon of new branch fit outs in Australia, and laptop purchases in New Zealand. Emissions from fit out embodied carbon have been extrapolated using an assessment of one Breathe designed retail branch. The stages of emissions calculated in this assessment are from the Raw Material Supply, Transport and Manufacturing (A1-A3) for one Breathe designed retail branch. Construction Phase (A4-A5) has not been calculated due to unreliable data sources. Currently New Zealand is the only country where ANZ purchase laptops for staff. In other countries, laptops and associated IT equipment are leased. **11.** Carbon offsets for ANZ's global business operations have been retired in accordance with The Climate Active Carbon Neutral Standard and externally assured. **12.** ANZ has retired carbon offsets for its business operations since 2010. 2020 was the first year ANZ adopted the market-based reporting method to account for purposefully purchased renewable energy attributes.

For more details on our environmental footprint data, see our 2023 ESG Data and Frameworks Pack, available at anz.com/esgreport.

TCFD

APPENDIX 8
GLOSSARY OF ABBREVIATIONS

ABA	Australian Banking Association
ACCU	Australian Carbon Credit Units
ACER	Australian Clean Energy Regulator
ACT	Austalian Capital Territory
ANGA	Australia's National Greenhouse Accounts
ANZBGL	Australia and New Zealand Banking Group Limited
ANZGHL	ANZ Group Holdings Limited
ANZSIC	Australian and New Zealand Standard Industrial Classification
APRA	Australian Prudential Regulation Authority
ASFI	Australian Sustainable Finance Institute
ASX	Australian Securities Exchange
B2DS	Beyond 2°C Scenario
BF-BOF	Blast Furnace – Basic Oxygen Furnace
BoM	Austalian Bureau of Meteorology
BRC	Board Risk Committee
CAF	Climate Advisory Forum
CCRA	Climate Change Risk Assessment
CCUS	Carbon capture utilisation/storage
CEFC	Clean Energy Finance Corporation
CEO	Chief Executive Officer
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CMRC	Credit and Markets Risk Committee
CRE	Climate Reporting Entities
CVA	Climate Vulnerability Assessment
EAD	Exposure at Default
EAF	Electric Arc Furnances
EEC	Energy Efficiency Council
EESG	Ethics, Environment, Social and Governance Committee
ENCORE	Exploring Natural Capital Opportunities, Risks and Exposures
ERBC	Ethics and Responsible Business Committee
ES	Environmental Sustainability
ESG	Environment, Social and Governance
EV	Electric vehicle
EVIC	Enterprise value including cash
FMCA	Financial Markets Conduct Act 2012 (New Zealand)
FX	Foreign Exchange
GFANZ	Glasgow Financial Alliance for Net Zero
GHG	Greenhouse gas
HR	Human Resources
IAI	International Aluminium Institute
IATA	International Air Transport Association
ICMA	Interational Capital Market Association
IEA	International Energy Agency
IGCC	Investor Group on Climate Change
IIX	Impact Investment Exchange
IPCC	Intergovernmental Panel on Climate Change
IUCN	International Union for Conservation of Nature
LEAP	Locate, Evaluate, Assess and Prepare
LEED (certitfied)	Leadership in Energy and Environmental Design
LEEP	Large Emitters Engagement Program
LIAC	Large Institutional Agribusiness Customers
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
MW	Megawatt
MWh	Megawatt hours
NABERS	National Australian Building Energy Rating Scheme
NFRF	Non-Financial Risk Framework
NGFS	Network for Greening the Financial System
NLA	Net lettable area
NZ CA	Aotearoa New Zealand Climate Standards
NZBA	Net-Zero Banking Alliance
NZE 2050	Net Zero Emissions by 2050 World Scenario
OREC	Operational Risk Executive Committee
PBR	United Nations Principles of Responsible Banking
PCAF	Partnership for Carbon Accounting Financials
PHEV	Plug-in Hybrid Electric Vehicle
PPA	Power Purchase Agreement
RAP	Rangatahi Advisory Panel
RAS	Risk Appetite Statement
RBA	Reserve Bank of Australia
RBNZ	Reserve Bank of New Zealand
REIT	Real Estate Investment Trust
RIAA	Responsible Investment Association Australiasia
RMF	Risk Management Framework
RMS	Risk Management Strategy
SAF	Sustainable Aviation Fuel
SAFI	Sustainable Agriculutre Finance Initiative
SBTi	Science Based Targets Initiative
SDG	Sustainable Development Goals
TCFD	Task Force on Climate-related Financial Disclosures
TNFD	Taskforce on Nature-related Financial Disclosures

Management commentary
(no financial statements)

INDEPENDENT ASSURANCE REPORT TO THE DIRECTORS OF ANZ GROUP HOLDINGS LIMITED

Conclusion

i) Climate-related Financial Disclosures – Limited Assurance

Based on the evidence we obtained from the procedures performed, we are not aware of any material misstatements in the ANZ 2023 Climate-related Financial Disclosures report, which has been prepared by ANZ in accordance with the Criteria for the year ended 30 September 2023.

ii) GHG Emissions – Reasonable Assurance

In our opinion, in all material respects, ANZ's reported Global Scope 1 and 2 GHG Emissions (location based) has been prepared in accordance with the Criteria for the year ended 30 June 2023.

iii) GHG Emissions – Limited Assurance

Based on the evidence we obtained from the procedures performed, we are not aware of any material misstatements in ANZ's reported Global Scope 3 GHG Emissions (location based) or Global Scope 1, 2 and 3 emissions (market based), which has been prepared in accordance with the Criteria for the ear ended 30 June 2023.

Information Subject to Assurance

ANZ Group Holdings Limited (ANZ) engaged KPMG to perform a limited assurance engagement in relation to the ANZ 2023 Climate-related Financial Disclosures report, which is attached to this assurance report.

KPMG's scope of work comprised, as presented in the ANZ 2023 Climate-related Financial Disclosures report:

i) limited assurance over all material narrative and data claims. This covers ANZ's global operations for year ended 30 September 2023 unless otherwise indicated;

ii) reasonable assurance over Global Scope 1 and 2 GHG emissions (location based) for the year ended 30 June 2023, being 89,038 tCO_2-e; and

iii) limited assurance over Global Scope 3 GHG Emissions (location based), being 60,620 tCO_2-e, and Global Scope 1, 2 and Scope 3 GHG Emissions (market-based) being 99,464 tCO_2-e for the year-ended 30 June 2023.

Criteria Used as the Basis of Reporting

i) The ANZ 2023 Climate-related Financial Disclosures report is prepared in accordance with the:

- Financial Stability Board's Task Force on Climate-related Disclosures (TCFD) Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures Annex 2017;
- TCFD 2021 Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures Annex, where applicable;
- Net Zero Banking Alliance Guidelines for Climate Change Target Setting (NZBA) commitments;
- ANZ's Financed Emissions Methodology available at anz.com/esgreport; and
- ANZ's Social and Environmental Sustainability Target Methodology available at anz.com/esgreport.

ii),iii) The Global Scope 1, 2 and 3 GHG Emissions, are prepared in accordance with the World Resources Institute / World Business Council for Sustainable Development (WRI / WBCSD), *The GHG Protocol Corporate Accounting and Reporting Standard*, and Management's basis of reporting, being the ANZ Greenhouse Gas Reporting and Carbon Offset Guidelines.

Basis for Conclusions

We conducted our work in accordance with Australian Standard on Assurance Engagements ASAE 3000 (Standard). In accordance with the Standard we have:

- Used our professional judgement to plan and perform the engagement to obtain limited assurance that we are not aware of any material misstatements in the ANZ 2023 Climate-related Financial Disclosures report and, Global Scope 3 GHG emissions (location based) and Global Scope 1,2 and 3 emissions (market based), whether due to fraud or error;
- Used our professional judgement to assess the risk of material misstatement and plan and perform the engagement to obtain reasonable assurance that the Global Scope 1 and 2 GHG Emissions (location based) are free from material misstatement, whether due to fraud or error;
- Considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on their effectiveness; and
- Ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

Summary of Procedures Performed

Our assurance conclusion is based on the evidence obtained from performing the following procedures:

i) Climate-related Financial Disclosures – limited assurance:

- Enquiries with management responsible to understand the internal controls, governance structure and reporting process;
- Interviews with management responsible for developing the content (narrative and data) within the ANZ 2023 Climate-related Financial Disclosures report to understand the approach for monitoring, collation and reporting;
- Assessment of the suitability of the Criteria including ANZ's application of the TCFD and NZBA frameworks, and ANZ's Financed Emissions Methodology
- Testing over ANZ's environment targets and performance to date;
- Review of supporting documentation to substantiate discussions with management in relation to ANZ's 2023 Climate risk target being the development of climate-related risk standards based on regulatory obligations, extension of ANZ's Climate Change Risk Assessment methodology and the development of a climate-related data strategy;

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Management commentary
(no financial statements)

- Testing over the new NZBA sector decarbonisation targets (auto-manufacturing, aviation, shipping and thermal coal), and the existing pathways for cement, aluminium, steel, oil & gas, large scale commercial real estate and power generation sectors;
- Testing over the new Residential Home Loans financed emissions baseline
- Comparing narrative and data (on a sample basis) presented to underlying sources. This includes considering whether all material matters had been included or excluded; and
- An assessment that the information is presented in accordance with the Criteria;

ii) Global Scope 1 and 2 GHG Emissions – reasonable assurance

- Interviews with senior management and relevant staff
- Evaluation of the design and implementation of the key systems, processes and controls for collecting, and reporting the GHG emissions data
- Assessment of operational control and reporting boundaries
- Detailed data and analytical review of the GHG emissions focusing on source variances; site-level variances; absence of data testing; and same value testing
- Testing a sample of Scope 1 natural gas and transport fuels and Scope 2 electricity transactions back to underlying invoices; and
- Assessing emission factor sources and re-performing emission factor calculations

iii) Global Scope 3 GHG Emissions – limited assurance:

- Interviews with senior management and relevant staff
- Understanding the key systems, processes and controls for collecting, managing and reporting of Global GHG Emissions
- Walkthroughs of key data sets
- Detailed analytical procedures
- Agreeing Global GHG Emissions to relevant underlying sources on a sample basis; and
- Assessing emission factor sources and re-performing emission factor calculations

How the Standard Defines Limited Assurance, Reasonable Assurance and Material Misstatement

Reasonable assurance is a high level of assurance, but is not a guarantee that it will always detect a material misstatement when it exists.

A limited assurance engagement is restricted primarily to enquiries and analytical procedures. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Misstatements, including omissions, are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the Directors of ANZ.

Use of this Assurance Report

This report has been prepared for the Directors of ANZ Group Holdings Limited for the purpose of providing an assurance conclusion on the ANZ 2023 Climate-related Financial Disclosures report and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Directors of ANZ, or for any other purpose than that for which it was prepared.

ANZ's Responsibility

Management are responsible for:

- determining that the Criteria is appropriate to meet their needs;
- preparing and presenting the ANZ 2023 Climate-related Financial Disclosures report in accordance with the Criteria; and
- establishing internal controls that enable the preparation and presentation of the ANZ 2023 Climate-related Financial Disclosures report that is free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to perform limited and reasonable assurance work in relation to the ANZ 2023 Climate-related Financial Disclosures report for the year ended 30 September 2023 and 30 June 2023, and to issue an assurance report that includes our conclusion.

Our Independence and Quality Management

We have complied with our independence and other relevant ethical requirements of the *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Australian Professional and Ethical Standards Board, and complied with the applicable requirements of Australian Standard on Quality Management 1 to maintain a comprehensive system of quality management. We have also complied with ANZ's Stakeholder Engagement Model for Relationship with External Auditor (available on anz.com).

KPMG

Adrian King
Partner

KPMG Melbourne
10 November 2023

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Management commentary
(no financial statements)

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anz.com/esgreport

ANZ Group Holdings Limited (ANZ) ABN 16 659 510 791.
9/833 Collins Street, Docklands Victoria 3008 Australia.
ANZ's colour blue is a trade mark of ANZ.

Management commentary
(no financial statements)

FINANCIAL REPORT

Financial Statements

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Financial statements

INCOME STATEMENT

		Consolidated		The Company	
For the year ended 30 September	Note	2023 $m	2022 $m	2023 $m	2022 $m
Interest income[1]		49,927	23,609	41,144	18,408
Interest expense		(33,352)	(8,735)	(29,026)	(7,433)
Net interest income	2	16,575	14,874	12,118	10,975
Other operating income	3	3,577	4,235	5,401	6,424
Net income from insurance business	3	89	140	-	-
Share of associates' profit/(loss)	3	225	177	(18)	(12)
Operating income		20,466	19,426	17,501	17,387
Operating expenses	4	(10,087)	(9,579)	(8,488)	(8,123)
Profit before credit impairment and income tax		10,379	9,847	9,013	9,264
Credit impairment (charge)/release	13	(245)	232	(75)	265
Profit before income tax		10,134	10,079	8,938	9,529
Income tax expense	5	(2,941)	(2,940)	(1,964)	(1,933)
Profit after tax from continuing operations		7,193	7,139	6,974	7,596
Profit/(Loss) after tax from discontinued operations		-	(19)	-	-
Profit for the year		7,193	7,120	6,974	7,596
Comprising:					
Profit attributable to shareholders of the Company		7,165	7,119	6,974	7,596
Profit attributable to non-controlling interests		28	1	-	-

1. Includes interest income calculated using the effective interest method on financial assets measured at amortised cost or fair value through other comprehensive income of $46,918 million (2022: $22,844 million) in the Group and $37,235 million (2022: $17,123 million) in the Company.

The notes appearing on pages 82 to 205 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

	Consolidated		The Company	
For the year ended 30 September	2023 $m	2022 $m	2023 $m	2022 $m
Profit after tax from continuing operations	7,193	7,139	6,974	7,596
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Investment securities - equity securities at FVOCI	(30)	(55)	(23)	(119)
Other reserve movements[1]	(80)	127	(105)	132
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation reserve	718	(759)	64	139
Other reserve movements	199	(4,180)	378	(4,132)
Income tax attributable to the above items	(22)	1,172	(73)	1,186
Share of associates' other comprehensive income[2]	31	(40)	-	-
Other comprehensive income after tax from continuing operations	816	(3,735)	241	(2,794)
Profit/(Loss) after tax from discontinued operations	-	(19)	-	-
Total comprehensive income for the year	8,009	3,385	7,215	4,802
Comprising total comprehensive income attributable to:				
Shareholders of the Company	7,954	3,399	7,215	4,802
Non-controlling interests[1]	55	(14)	-	-

1. The Group includes foreign currency translation differences attributable to non-controlling interests of $27 million (2022: -$15 million).
2. The Group's share of associates' other comprehensive income, that may be reclassified subsequently to profit or loss in the Group, includes:

	2023 $m	2022 $m
FVOCI reserve gain/(loss)	25	(56)
Defined benefits gain/(loss)	6	15
Foreign currency translation reserve gain/(loss)	-	1
Total	31	(40)

The notes appearing on pages 82 to 205 form an integral part of these financial statements.

BALANCE SHEET

As at 30 September	Note	Consolidated 2023 $m	Consolidated 2022 $m	The Company 2023 $m	The Company 2022 $m
Assets					
Cash and cash equivalents[1]	8	**168,154**	168,132	**154,408**	155,483
Settlement balances owed to ANZ		**9,349**	4,762	**8,935**	4,024
Collateral paid		**8,558**	12,700	**7,717**	11,368
Trading assets	9	**37,004**	35,237	**30,693**	28,073
Derivative financial instruments	10	**60,406**	90,174	**59,989**	88,056
Investment securities	11	**96,969**	86,153	**83,201**	72,399
Net loans and advances	12	**707,694**	672,407	**563,017**	537,345
Regulatory deposits		**646**	632	**284**	249
Due from controlled entities		**-**	-	**26,067**	22,860
Shares in controlled entities	25	**-**	-	**16,277**	17,630
Investments in associates	26	**2,321**	2,181	**-**	53
Current tax assets		**37**	46	**9**	43
Deferred tax assets	5	**3,386**	3,384	**2,988**	2,992
Goodwill and other intangible assets	21	**3,961**	3,877	**935**	935
Premises and equipment		**2,360**	2,431	**1,923**	2,171
Other assets		**5,196**	3,613	**3,636**	2,402
Total assets		**1,106,041**	1,085,729	**960,079**	946,083
Liabilities					
Settlement balances owed by ANZ		**19,267**	13,766	**16,574**	10,224
Collateral received		**10,382**	16,230	**9,452**	14,425
Deposits and other borrowings	14	**815,203**	797,281	**675,075**	665,607
Derivative financial instruments	10	**57,482**	85,149	**57,511**	84,500
Due to controlled entities		**-**	-	**26,894**	25,305
Current tax liabilities		**305**	829	**133**	488
Deferred tax liabilities	5	**60**	83	**47**	54
Payables and other liabilities	15	**15,932**	9,835	**13,279**	8,562
Employee entitlements		**568**	549	**424**	409
Other provisions	22	**1,714**	1,872	**1,499**	1,648
Debt issuances	16	**116,014**	93,734	**98,213**	75,828
Total liabilities		**1,036,927**	1,019,328	**899,101**	887,050
Net assets		**69,114**	66,401	**60,978**	59,033
Shareholders' equity					
Ordinary share capital	23	**29,082**	28,797	**29,005**	28,720
Reserves	23	**(1,796)**	(2,606)	**(2,222)**	(2,546)
Retained earnings	23	**41,306**	39,716	**34,195**	32,859
Share capital and reserves attributable to shareholders of the Company	23	**68,592**	65,907	**60,978**	59,033
Non-controlling interests	23	**522**	494	**-**	-
Total shareholders' equity	23	**69,114**	66,401	**60,978**	59,033

1. Includes Settlement balances owed to ANZ that meet the definition of Cash and cash equivalents.

The notes appearing on pages 82 to 205 form an integral part of these financial statements.

CASH FLOW STATEMENT

For the year ended 30 September	Consolidated 2023 $m	Consolidated 2022 $m	The Company 2023 $m	The Company 2022 $m
Profit after income tax	7,193	7,120	6,974	7,596
Adjustments to reconcile to net cash provided by/(used in) operating activities:				
Allowance for expected credit losses	245	(232)	75	(265)
Depreciation and amortisation	941	1,008	795	867
(Gain)/Loss on sale of premises and equipment	43	(8)	31	(1)
Net derivatives/foreign exchange adjustment	3,505	(4,434)	3,074	(4,687)
(Gain)/Loss on sale from divestments	(29)	(252)	70	(246)
Other non-cash movements[1]	(90)	(48)	124	235
Net (increase)/decrease in operating assets:				
Collateral paid	4,143	(2,638)	3,590	(2,054)
Trading assets	(23)	8,020	(1,769)	6,355
Net loans and advances[1]	(28,289)	(46,364)	(25,708)	(41,990)
Net intra-group loans and advances	-	-	(1,481)	978
Other assets[1]	(1,725)	(190)	(1,333)	(81)
Net increase/(decrease) in operating liabilities:				
Deposits and other borrowings	21,866	48,879	21,353	45,058
Settlement balances owed by ANZ	5,278	(3,486)	6,314	(4,769)
Collateral received	(5,848)	9,468	(4,886)	8,074
Other liabilities	(1,015)	3,333	(1,295)	3,426
Total adjustments	(998)	13,056	(1,046)	10,900
Net cash (used in)/provided by operating activities[2]	6,195	20,176	5,928	18,496
Cash flows from investing activities				
Investment securities assets:				
Purchases	(51,974)	(34,292)	(46,130)	(30,065)
Proceeds from sale or maturity	41,401	32,797	35,495	28,201
Proceeds from divestments, net of cash disposed	1,135	394	1,174	(5)
Net movement in shares in controlled entities	-	(65)	(29)	(133)
Net investments in other assets	(604)	(651)	(612)	(667)
Net cash (used in)/provided by investing activities	(10,042)	(1,817)	(10,102)	(2,669)
Cash flows from financing activities				
Deposits and other borrowings drawn down	(11,105)	1,226	(12,002)	-
Debt issuances:[3]				
Issue proceeds	44,182	23,422	40,428	20,145
Redemptions	(23,985)	(26,017)	(19,641)	(21,985)
Dividends paid[4]	(4,700)	(3,784)	(4,673)	(3,782)
On market purchase of treasury shares	(21)	(117)	(21)	(117)
Repayment of lease liabilities	(337)	(218)	(277)	(226)
Share buyback	-	(846)	-	(846)
ANZ Bank New Zealand Perpetual Preference Shares	-	492	-	-
Share entitlement issue	-	3,497	-	3,497
Net cash (used in)/provided by financing activities	4,034	(2,345)	3,814	(3,314)
Net (decrease)/increase in Cash and cash equivalents	187	16,014	(360)	12,513
Cash and cash equivalents at beginning of year	168,132	151,260	155,483	141,436
Effects of exchange rate changes on Cash and cash equivalents	(165)	858	(715)	1,534
Cash and cash equivalents at end of year	168,154	168,132	154,408	155,483

1. Certain non-cash movements were reclassified to Net loans and advances and Other assets to better reflect the net movement in operating assets. Comparatives have been restated. (2022: reduction to Other non-cash movements of $861 million, a decrease in Net loans and advances of $14 million, and an increase in Other assets of $875 million) for the Group. (2022: reduction to Other non-cash movements of $723 million, a decrease in Net loans and advances of $13 million, and an increase in Other assets of $736 million) for the Company.
2. Net cash (used in)/provided by operating activities for the Group includes interest received of $48,362 million (2022: $22,748 million), interest paid of $30,738 million (2022: $7,857 million) and income taxes paid of $3,501 million (2022: $2,171 million). Net cash (used in)/provided by operating activities for the Company includes interest received of $40,353 million (2022: $17,672 million), interest paid of $26,846 million (2022: $6,692 million) and income taxes paid of $2,384 million (2022: $1,443 million).
3. Non-cash movements on Debt issuances include a loss of $2,084 million (2022: $4,725 million gain) from unrealised movements primarily due to fair value hedging adjustments and foreign exchange losses for the Group, and include a loss of $1,598 million (2022: $3,420 million gain) from unrealised movements primarily due to fair value hedging and foreign exchange losses for the Company.
4. Cash outflow for shares purchased to satisfy the dividend reinvestment plan are classified in Dividends paid.

The notes appearing on pages 82 to 205 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

Consolidated	Ordinary share capital $m	Reserves $m	Retained earnings $m	Share capital and reserves attributable to shareholders of the Company $m	Non-controlling interests $m	Total shareholders' equity $m
As at 1 October 2021	25,984	1,228	36,453	63,665	11	63,676
Profit or loss from continuing operations	-	-	7,138	7,138	1	7,139
Profit or loss from discontinued operations	-	-	(19)	(19)	-	(19)
Other comprehensive income for the year from continuing operations	-	(3,835)	115	(3,720)	(15)	(3,735)
Total comprehensive income for the year	-	(3,835)	7,234	3,399	(14)	3,385
Transactions with equity holders in their capacity as equity holders:						
Dividends paid	-	-	(3,965)	(3,965)	(2)	(3,967)
Dividend reinvestment plan[1]	183	-	-	183	-	183
Group share buy-back[2]	(846)	-	-	(846)	-	(846)
Share entitlement issue[3]	3,497	-	-	3,497	-	3,497
Other equity movements:						
Employee share and option plans	(21)	-	-	(21)	-	(21)
Preference shares issued[4]	-	-	(7)	(7)	499	492
Other items	-	1	1	2	-	2
As at 30 September 2022	28,797	(2,606)	39,716	65,907	494	66,401
Profit or loss from continuing operations	-	-	7,165	7,165	28	7,193
Other comprehensive income for the year from continuing operations	-	863	(74)	789	27	816
Total comprehensive income for the year	-	863	7,091	7,954	55	8,009
Transactions with equity holders in their capacity as equity holders:						
Dividends paid	-	-	(5,559)	(5,559)	(27)	(5,586)
Dividend reinvestment plan[1]	206	-	-	206	-	206
Other equity movements:						
Employee share and option plans	79	-	-	79	-	79
Net transfers following Restructure	-	(39)	39	-		-
Other items	-	(14)	19	5	-	5
As at 30 September 2023	29,082	(1,796)	41,306	68,592	522	69,114

1. 8.4 million shares were issued under the Dividend Reinvestment Plan for the 2022 final dividend (2022 interim dividend: 7.2 million; 2021 final dividend: nil). On-market share purchases for the DRP in 2022 were $204 million.
2. The Group completed its $1.5 billion on-market share buy-back of ANZ ordinary shares on 25 March 2022 resulting in 31 million shares being cancelled in 2022.
3. The Group issued 187.1 million new ordinary shares under the share entitlement offer in 2022.
4. Perpetual preference shares issued by ANZ Bank New Zealand, a wholly owned subsidiary of ANZBGL, are considered non-controlling interests to the Group.

The notes appearing on pages 82 to 205 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

The Company	Ordinary share capital $m	Reserves $m	Retained earnings $m	Total shareholders' equity $m
As at 1 October 2021	25,907	341	29,132	55,380
Profit for the year	-	-	7,596	7,596
Other comprehensive income for the year	-	(2,888)	94	(2,794)
Total comprehensive income for the year	-	(2,888)	7,690	4,802
Transactions with equity holders in their capacity as equity holders:				
Dividends paid	-	-	(3,965)	(3,965)
Dividend reinvestment plan[1]	183	-	-	183
Group share buy-back[2]	(846)	-	-	(846)
Share entitlement issue[3]	3,497			3,497
Other equity movements:				
Employee share and option plans	(21)	-	-	(21)
Other items	-	1	2	3
As at 30 September 2022	28,720	(2,546)	32,859	59,033
Profit for the year	-	-	6,974	6,974
Other comprehensive income for the year	-	319	(78)	241
Total comprehensive income for the year	-	319	6,896	7,215
Transactions with equity holders in their capacity as equity holders:				
Dividends paid	-	-	(5,559)	(5,559)
Dividend reinvestment plan[1]	206	-	-	206
Other equity movements:				
Employee share and option plans	79	-	-	79
Other items	-	5	(1)	4
As at 30 September 2023	29,005	(2,222)	34,195	60,978

1. 8.4 million shares were issued under the Dividend Reinvestment Plan for the 2022 final dividend (2022 interim dividend: 7.2 million; 2021 final dividend: nil). On-market share purchases for the DRP in 2022 were $204 million.
2. The Company completed its $1.5 billion on-market share buy-back on 25 March 2022 resulting in 31 million shares being cancelled in 2022.
3. The Company issued 187.1 million new ordinary shares under the share entitlement offer in 2022.

The notes appearing on pages 82 to 205 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ABOUT OUR FINANCIAL STATEMENTS

ORGANISATIONAL RESTRUCTURE

On 3 January 2023, Australia and New Zealand Banking Group Limited (ANZBGL) established by a scheme of arrangement, a non-operating holding company, ANZ Group Holdings Limited (ANZGHL), as the new listed parent holding company of the ANZ Group and implemented a restructure to separate ANZ's banking and certain non-banking businesses into the ANZ Bank Group and ANZ Non-Bank Group (the Restructure). The ANZ Bank Group comprises the majority of the businesses and subsidiaries that were held in ANZBGL prior to the Restructure. The ANZ Non-Bank Group comprises banking-adjacent businesses developed or acquired by the ANZ Group to focus on bringing new technology and banking-adjacent services to the ANZ Group's customers, and a separate service company.

On Restructure, each ANZ shareholder received one ANZGHL ordinary share for each ANZ ordinary share that they held prior to the implementation of the Restructure. The Restructure is accounted for as a reverse acquisition in the ANZGHL consolidated financial statements as at 30 September 2023, with ANZBGL identified as the acquirer in accordance with AASB 3 *Business Combinations*.

As a result of the Restructure, the ANZBGL consolidated results for the 2023 financial year end consist of:

- the results of the former ANZ Group for the period 1 October 2022 to 2 January 2023;
- the result of ANZBGL and its subsidiaries (Group) for the period 3 January to 30 September 2023.

Refer to Accounting Policies Applicable to the Restructure section below for further details.

GENERAL INFORMATION

These are the financial statements for ANZBGL (the Company) and its controlled entities (together, the Group or Consolidated Entity) for the year ended 30 September 2023. The Company is a public company incorporated and domiciled in Australia with debt listed on securities exchanges. The Company is a subsidiary of ANZGHL and is regulated by APRA as an ADI. The address of the Company's registered office and its principal place of business is ANZ Centre, 833 Collins Street, Docklands, Victoria, Australia 3008. The Group provides banking and financial services to individuals and business customers and operates in and across 29 markets.

On 10 November 2023, the Directors resolved to authorise the issue of these financial statements. Information in the financial statements is included only to the extent we consider it material and relevant to the understanding of the financial statements. A disclosure is considered material and relevant if, for example:

- the amount is significant in size (quantitative factor);
- the information is significant by nature (qualitative factor);
- the user cannot understand the Group's results without the specific disclosure (qualitative factor);
- the information is critical to a user's understanding of the impact of significant changes in the Group's business during the period - for example, business acquisitions or disposals (qualitative factor);
- the information relates to an aspect of the Group's operations that is important to its future performance (qualitative factor); and
- the information is required under legislative requirements of the *Corporations Act 2001*, the *Banking Act 1959 (Cth)* or by the Group's principal regulators, including the Australian Securities and Investments Commission (ASIC) and the Australian Prudential Regulation Authority (APRA).

This section of the financial statements:

- outlines the basis upon which the Group's financial statements have been prepared; and
- discusses any new accounting standards or regulations that directly impact the financial statements.

BASIS OF PREPARATION

This financial report is a general purpose (Tier 1) financial report prepared by a 'for profit' entity, in accordance with Australian Accounting Standards (AASs) and other authoritative pronouncements of the Australian Accounting Standards Board (AASB), the *Corporations Act 2001*, and *International Financial Reporting Standards* (IFRS) and interpretations published by the International Accounting Standards Board (IASB).

We present the financial statements of the Group in Australian dollars, which is the Company's functional and presentation currency. We have rounded values to the nearest million dollars ($m), unless otherwise stated, as allowed under the *ASIC Corporations (Rounding in Financial/Directors Report) Instrument 2016/191*. We measure the financial statements of each entity in the Group using the currency of the primary economic environment in which that entity operates (the functional currency).

1. ABOUT OUR FINANCIAL STATEMENTS (continued)

BASIS OF MEASUREMENT AND PRESENTATION

We have prepared the financial information in accordance with the historical cost basis - except the following assets and liabilities which we have stated at their fair value:

- derivative financial instruments and in the case of fair value hedging, a fair value adjustment made to the underlying hedged item;
- financial instruments held for trading;
- financial assets and financial liabilities designated at fair value through profit or loss (FVTPL);
- financial assets at fair value through other comprehensive income (FVOCI); and
- assets and liabilities classified as held for sale (except those required to be at carrying value).

In accordance with AASB 119 *Employee Benefits* we have measured defined benefit obligations using the Projected Unit Credit Method.

There were no discontinued operations in the current period. For the purpose of comparative information, discontinued operations in the prior period are separately presented from the results of the continuing operations as a single line item 'Profit/(Loss) after tax from discontinued operations' in the Income Statement.

BASIS OF CONSOLIDATION

The consolidated financial statements of the Group comprise the financial statements of the Company and all its subsidiaries. An entity, including a structured entity, is considered a subsidiary of the Group when we determine that the Company has control over the entity. Control exists when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. We assess power by examining existing rights that give the Company the current ability to direct the relevant activities of the entity. We have eliminated, on consolidation, the effect of all transactions between entities in the Group.

FOREIGN CURRENCY TRANSLATION

TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the relevant functional currency at the exchange rate prevailing at the date of the transaction. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the relevant spot rate. Any foreign currency translation gains or losses that arise are included in profit or loss in the period they arise.

We measure translation differences on non-monetary items classified as FVTPL and report them as part of the fair value gain or loss on these items. For non-monetary items classified as investment securities measured at FVOCI, translation differences are included in other comprehensive income.

FINANCIAL STATEMENTS OF FOREIGN OPERATIONS THAT HAVE A FUNCTIONAL CURRENCY THAT IS NOT AUSTRALIAN DOLLARS

The financial statements of our foreign operations are translated into Australian dollars for consolidation into the Group financial statements using the following method:

Foreign currency item	Exchange rate used
Assets and liabilities	The reporting date rate
Equity	The initial investment date rate
Income and expenses	The average rate for the period – but for a significant transaction if we believe the average rate is not reasonable, then we use the rate at the date of the transaction

Exchange differences arising from the translation of financial statements of foreign operations are recognised in the foreign currency translation reserve in equity. When we dispose of a foreign operation, the cumulative exchange differences are transferred to profit or loss.

FIDUCIARY ACTIVITIES

The Group provides fiduciary services to third parties including custody, nominee and trustee services. This involves the Group holding assets on behalf of third parties and making decisions regarding the purchase and sale of financial instruments. If ANZ is not the beneficial owner or does not control the assets, then we do not recognise these transactions in these financial statements, except when required by accounting standards or another legislative requirement.

1. ABOUT OUR FINANCIAL STATEMENTS (continued)

ACCOUNTING POLICIES APPLICABLE TO THE RESTRUCTURE

The implementation of the non-operating holding company involved the transfer of assets and entities between companies within the wider ANZGHL Group. This had implications for the ANZBGL consolidated financial statements due to the transfers extending outside of the Group. From an accounting perspective, since the transfers were between wholly owned entities, these are considered common control transactions. As there is no specific accounting standard for such transfers, the Group is required to make an accounting policy choice.

The Group's accounting policy for the transfer of the assets and entities between companies under common control is to apply book value accounting. Under this approach, any differences between book value and the transfer price are recorded in equity. The accounting policy choice did not have a material impact on profit and loss or equity when the assets were transferred as part of the Restructure. Refer to Note 31 Related Party Disclosures for details of the transfer.

KEY JUDGEMENTS AND ESTIMATES

In the process of applying the Group's accounting policies, management has made a number of judgements and applied estimates and assumptions about past and future events. Further information on the key judgements and estimates that we consider material to the financial statements are contained within each relevant note to the financial statements.

The global economy is facing challenges associated with high inflation and interest rates, labour market constraints, and continuing geopolitical tensions which contribute to an elevated level of estimation uncertainty involved in the preparation of these financial statements.

The Group has made various accounting estimates in this Financial Report based on forecasts of economic conditions which reflect expectations and assumptions at 30 September 2023 about future events considered reasonable in the circumstances. Thus there is a considerable degree of judgement involved in preparing these estimates. Actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of these differences may significantly impact accounting estimates included in these financial statements. The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses and recoverable amounts of non-financial assets.

The impact of these uncertainties on each of these accounting estimates is discussed in the relevant notes in this Financial Report. Readers should consider these disclosures in light of the inherent uncertainties described above.

1. ABOUT OUR FINANCIAL STATEMENTS (continued)

INTEREST RATE BENCHMARK REFORM

Interbank offered rates (IBORs) reform is the global transition away from IBORs and their replacement by risk-free rates (RFRs). IBOR reforms have had a wide-ranging impact for the Group and our customers given the fundamental differences between IBORs and RFRs. Accordingly, the Group established an enterprise-wide Benchmark Transition Program to manage the operational, market, legal, conduct and financial reporting risks associated with IBOR transition.

As at 30 September 2023 the Group's Program is largely complete, and included the implementation of the required processes, technology and product capabilities that ensured the transitions were successfully undertaken. In line with regulatory announcements made in early 2021, IBOR rates including Pound Sterling (GBP), Euro (EUR), Swiss Franc (CHF) and Japanese Yen (JPY), and the 1-week and 2-month US Dollar (USD) London Interbank Offered Rate (LIBOR) rate settings ceased on 31 December 2021 and were replaced by alternative RFRs. The Group's exposure to IBOR reform was primarily concentrated in other USD LIBOR settings which ceased on 30 June 2023. No material changes were made to the Group's risk management strategy because of IBOR reform and the use of IBOR rates in new products was phased out in accordance with industry and supervisory guidance. The transition activities had an immaterial impact to the Group's profit and loss.

To support any legacy contracts referencing these benchmarks across the industry, the 1-month, 3-month and 6-month USD settings will continue to be published using an alternative 'synthetic' methodology. The Group continues to manage a small number of loan and derivative contracts whose transition is being managed with customers, and a small number of debt issuances with investors. These remaining contracts will either mature or transition ahead of the synthetic USD LIBOR cessation date of 30 September 2024. The Group has an immaterial exposure to other announced benchmark cessation events expected to occur between 2024 and 2026.

ACCOUNTING STANDARDS ADOPTED IN THE PERIOD

Accounting policies have been consistently applied, unless otherwise noted.

AASB 2023-2 *AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS – INTERNATIONAL TAX REFORM – PILLAR TWO MODEL RULES*

In May 2023, the Federal Government announced it will implement key aspects of Pillar Two of the OECD/G20 Two-Pillar Solution to address the tax challenges arising from digitalisation of the economy. This measure is not yet law. Other jurisdictions in which ANZ operates are also considering implementation of the regime. The ANZ Group is expected to be within the scope of associated legislation. In anticipation of legislation being enacted, the AASB issued AASB 2023-2 *Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules* in June 2023. The Group has applied the mandatory exemption included in para. 4A of this standard and will apply the whole amending standard from 1 October 2023. This amending standard stipulates a mandatory temporary exemption from recognising deferred tax assets and liabilities related to Pillar Two income taxes. The Group is monitoring progress of associated legislation and has not yet determined the expected impact on its financial statements.

ACCOUNTING STANDARDS NOT EARLY ADOPTED

A number of new standards, amendments to standards and interpretations have been published but are not mandatory for the financial statements for the year ended 30 September 2023 and have not been applied by the Group in preparing these financial statements. Further details of these are set out below.

GENERAL HEDGE ACCOUNTING

AASB 9 *Financial Instruments* (AASB 9) introduced new hedge accounting requirements which more closely align accounting with risk management activities undertaken when hedging both financial and non-financial risks. AASB 9 provided the Group with an accounting policy choice to continue to apply the AASB 139 *Financial Instruments: Recognition and Measurement* (AASB 139) hedge accounting requirements until the International Accounting Standards Board's ongoing project on Dynamic Risk Management (macro hedge accounting) is completed. The Group continues to apply the hedge accounting requirements of AASB 139.

1. ABOUT OUR FINANCIAL STATEMENTS (continued)

ACCOUNTING STANDARDS NOT EARLY ADOPTED (continued)

AASB 17 *INSURANCE CONTRACTS* (AASB 17)

The final version of AASB 17 was issued in July 2017 and is not effective for the Group until 1 October 2023. It will replace AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts*. AASB 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts.

The measurement, presentation and disclosure requirements under AASB 17 are significantly different from current accounting standards. Although the overall profit recognised in respect of insurance contracts will not change, it is expected that the timing of profit recognition will change.

AASB 17 will not have a material impact on the Group.

DEFERRED TAX RELATED TO ASSETS AND LIABILITIES ARISING FROM A SINGLE TRANSACTION

AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction* amends AASB 112 *Income Taxes*. It clarifies that entities are required to recognise deferred tax on transactions for which there is both an asset and a liability and that give rise to equal taxable and deductible temporary differences which may apply to leases and decommissioning or restoration obligations. This amendment is effective for the Group from 1 October 2023 and will not have a material impact on the Group.

LEASE LIABILITY IN A SALE AND LEASEBACK

AASB 2022-5 *Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback* amends AASB 16 *Leases* and specifies the accounting for variable lease payments by seller-lessees in sale and leaseback transactions. The amendment is effective from 1 October 2024 and will not have a material impact on the Group.

2. NET INTEREST INCOME

	Consolidated		The Company	
	2023 $m	2022 $m	2023 $m	2022 $m
Net interest income				
Interest income by type of financial asset				
Financial assets at amortised cost	44,303	21,737	35,000	16,289
Investment securities at FVOCI	2,615	1,107	2,235	834
Trading assets	1,654	700	1,413	547
Financial assets at FVTPL	1,355	65	1,449	177
External interest income	49,927	23,609	40,097	17,847
Controlled entities' income	-	-	1,047	561
Interest income	49,927	23,609	41,144	18,408
Interest expense by type of financial liability				
Financial liabilities at amortised cost	(31,334)	(8,019)	(26,016)	(6,170)
Securities sold short	(451)	(214)	(392)	(191)
Financial liabilities designated at FVTPL	(1,214)	(162)	(1,104)	(151)
External interest expense	(32,999)	(8,395)	(27,512)	(6,512)
Controlled entities expense	-	-	(1,161)	(581)
Interest expense	(32,999)	(8,395)	(28,673)	(7,093)
Major bank levy	(353)	(340)	(353)	(340)
Net interest income	16,575	14,874	12,118	10,975

RECOGNITION AND MEASUREMENT

NET INTEREST INCOME

Interest Income and Expense

We recognise interest income and expense in net interest income for all financial instruments, including those classified as held for trading, assets measured at FVOCI, and assets and liabilities designated at FVTPL. We use the effective interest rate method to calculate the amortised cost of assets held at amortised cost and to recognise interest income on financial assets measured at amortised cost and FVOCI. The effective interest rate is the rate that discounts the stream of estimated future cash receipts or payments over the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or liability. For assets subject to prepayment, we determine their expected life on the basis of historical behaviour of the particular asset portfolio taking into account contractual obligations and prepayment experience.

We recognise fees and costs, which form an integral part of the financial instrument (for example loan origination fees and costs), using the effective interest rate method. These are presented as part of interest income or expense depending on whether the underlying financial instrument is a financial asset or financial liability.

Major Bank Levy

The Major Bank Levy Act 2017 (levy or major bank levy) applies a rate of 0.06% to certain liabilities of ANZBGL. The levy represents a finance cost and it is presented as interest expense in the Income Statement.

3. NON-INTEREST INCOME

	Consolidated		The Company	
	2023 $m	2022 $m	2023 $m	2022 $m
Non-interest income				
Fee and commission income				
Lending fees[1]	397	374	362	340
Non-lending fees	2,275	2,394	1,533	1,744
Commissions	85	103	55	74
Funds management income	246	261	22	27
External fee and commission income	3,003	3,132	1,972	2,185
Controlled entities' income	-	-	187	244
Fee and commission income	3,003	3,132	2,159	2,429
Fee and commission expense	(1,057)	(1,160)	(553)	(695)
Net fee and commission income	1,946	1,972	1,606	1,734
Other income				
Net foreign exchange earnings and other financial instruments income[2]	1,535	1,993	1,272	1,296
Gain on completion of ANZ Worldline partnership	-	307	-	307
Impairment of interest in controlled entities	-	-	-	(180)
Release of foreign currency translation reserve	43	(65)	-	-
Loss on disposal of financial planning and advice business	-	(62)	-	(22)
Loss on disposal of data centres in Australia	(43)	-	(32)	-
Dividends received from controlled entities	-	-	2,562	3,181
Other	96	90	(7)	108
Other income	1,631	2,263	3,795	4,690
Other operating income	3,577	4,235	5,401	6,424
Net income from insurance business	89	140	-	-
Share of associates' profit/(loss)	225	177	(18)	(12)
Non-interest income	3,891	4,552	5,383	6,412

1. Lending fees exclude fees treated as part of the effective yield calculation in Interest income.
2. Includes fair value movements (excluding realised and accrued interest) on derivatives not designated as accounting hedges entered into to manage interest rate and foreign exchange risk, ineffective portions of cash flow hedges, and fair value movements in financial assets and liabilities designated at FVTPL.

3. NON-INTEREST INCOME (continued)

RECOGNITION AND MEASUREMENT

OTHER OPERATING INCOME

Fee and Commission Revenue

We recognise fee and commission revenue arising from contracts with customers (a) over time when the performance obligation is satisfied across more than one reporting period, or (b) at a point in time when the performance obligation is satisfied immediately or is satisfied within one reporting period.

- lending fees exclude fees treated as part of the effective yield calculation of interest income. Lending fees include certain guarantee and commitment fees where the loan or guarantee is not likely to be drawn upon, and other fees charged for providing customers a distinct good or service that are recognised separately from the underlying lending product.
- non-lending fees include fees associated with deposit and credit card accounts, interchange fees and fees charged for specific customer transactions such as international transaction fees. Where the Group provides multiple goods or services to a customer under the same contract, the Group allocates the transaction price of the contract to distinct performance obligations based on the relative stand-alone selling price of each performance obligation. Revenue is recognised as each performance obligation is satisfied.
- commissions represent fees from third parties where we act as an agent by arranging a third party (such as an insurance provider) to provide goods and services to a customer. In such cases, we are not primarily responsible for providing the underlying good or service to the customer. If the Group collects funds on behalf of a third party when acting as an agent, we only recognise the net commission retained as revenue. When the commission is variable based on factors outside our control (such as a trail commission), revenue is only recognised if it is highly probable that a significant reversal of the variable amount will not be required in future periods.
- funds management income represents fees earned from customers for providing asset management services. Revenue is recognised over the period in which the asset management services are delivered. Performance fees associated with funds management activities are only recognised when it becomes highly probable the performance hurdle will be achieved.

Net Foreign Exchange Earnings and Other Financial Instruments Income

We recognise the following as net foreign exchange earnings and other financial instruments income:

- exchange rate differences arising on the settlement of monetary items and translation differences on monetary items translated at rates different to those at which they were initially recognised or included in a previous financial report;
- fair value movements (excluding realised and accrued interest) on derivatives not designated as accounting hedges that we use to manage interest rate and foreign exchange risk on funding instruments;
- the ineffective portions of fair value hedges, cash flow hedges and net investment hedges;
- immediately upon sale or repayment of a hedged item, the unamortised fair value adjustments to items designated as fair value hedges and amounts accumulated in equity related to designated cash flow hedges;
- fair value movements on financial assets and financial liabilities designated at FVTPL or held for trading;
- amounts released from the FVOCI reserve when a debt instrument classified as FVOCI is sold; and
- the gain or loss on derecognition of financial assets or liabilities measured at amortised cost.

Gain or Loss on Disposal of Non-Financial Assets

The gain or loss on the disposal of assets is the difference between the carrying value of the asset and the proceeds of disposal net of costs. This is recognised in Other income in the year in which control of the asset transfers to the buyer.

When a non-financial asset or group of assets is classified as held for sale, it is measured at the lower of its carrying amount immediately prior to reclassification and fair value less costs to sell, with any remeasurement recognised in Other operating income to align with the classification of gain or loss on sale that would have applied if the sale had completed during the year.

3. NON-INTEREST INCOME (continued)

RECOGNITION AND MEASUREMENT

NET INCOME FROM INSURANCE BUSINESS

We recognise:

- premiums received (net of reinsurance premiums paid) based on an assessment of the likely pattern in which risk will emerge over the term of the policies written. This assessment is undertaken periodically and updated in accordance with the latest pattern of risk emergence; and
- claims incurred net of reinsurance, on an accruals basis once the liability to the policy owner has been established under the terms of the contract and through actuarial assumptions of future claims.

SHARE OF ASSOCIATES' PROFIT/(LOSS)

The equity method is applied to accounting for associates. Under the equity method, our share of the after tax results of associates is included in the Income Statement and the Statement of Comprehensive Income.

4. OPERATING EXPENSES

	Consolidated		The Company	
	2023 $m	2022 $m	2023 $m	2022 $m
Personnel				
Salaries and related costs	5,157	4,754	3,791	3,494
Superannuation costs	396	375	335	317
Other	183	167	154	127
Personnel	5,736	5,296	4,280	3,938
Premises				
Rent	71	88	50	67
Depreciation	437	419	338	344
Other	176	214	123	168
Premises	684	721	511	579
Technology				
Depreciation and amortisation	501	578	455	521
Subscription licences and outsourced services	1,007	899	695	648
Other	178	144	144	162
Technology	1,686	1,621	1,294	1,331
Restructuring	169	101	146	78
Other				
Advertising and public relations	176	165	133	128
Professional fees	857	935	795	864
Freight, stationery, postage and communication	175	172	128	128
Other	604	568	1,201	1,077
Other	1,812	1,840	2,257	2,197
Operating expenses	10,087	9,579	8,488	8,123

4. OPERATING EXPENSES (continued)

RECOGNITION AND MEASUREMENT

OPERATING EXPENSES

Operating expenses are recognised as services are provided to the Group, over the period in which an asset is consumed, or once a liability is created.

SALARIES AND RELATED COSTS - ANNUAL LEAVE, LONG SERVICE LEAVE AND OTHER EMPLOYEE BENEFITS

Wages and salaries, annual leave and other employee entitlements expected to be paid or settled within twelve months of employees rendering service are measured at their nominal amounts using remuneration rates that the Group expects to pay when the liabilities are settled.

We accrue employee entitlements relating to long service leave using an actuarial calculation. It includes assumptions regarding staff departures, leave utilisation and future salary increases. The result is then discounted using market yields at the reporting date. The market yields are determined from a blended rate of high quality corporate bonds with terms to maturity that closely match the estimated future cash outflows.

If we expect to pay short term cash bonuses, then a liability is recognised when the Group has a present legal or constructive obligation to pay this amount (as a result of past service provided by the employee) and the obligation can be reliably measured.

Personnel expenses also include share-based payments which may be cash or equity settled. We calculate the fair value of equity settled remuneration at grant date, which is then amortised over the vesting period, with a corresponding increase in share capital or the share option reserve as applicable. When we estimate the fair value, we take into account market vesting conditions, such as share price performance conditions. We take non-market vesting conditions, such as service conditions, into account by adjusting the number of equity instruments included in the expense.

After the grant of an equity-based award, the amount we recognise as an expense is reversed when non-market vesting conditions are not met, for example an employee fails to satisfy the minimum service period specified in the award due to resignation, termination or notice of dismissal for serious misconduct. However, we do not reverse the expense if the award does not vest due to the failure to meet a market-based performance condition.

Further information on share-based payment schemes operated by the Group during the current and prior year is included in Note 30 Employee Share and Option Plans.

5. INCOME TAX

INCOME TAX EXPENSE

Reconciliation of the prima facie income tax expense on pre-tax profit with the income tax expense recognised in profit or loss:

	Consolidated		The Company	
	2023 $m	2022 $m	2023 $m	2022 $m
Profit before income tax from continuing operations	10,134	10,079	8,938	9,529
Prima facie income tax expense at 30%	3,040	3,024	2,681	2,859
Tax effect of permanent differences:				
Net (gain)/loss from divestments/closures	-	(83)	-	(113)
Share of associates' (profit)/loss	(68)	(53)	5	4
Interest on convertible instruments	92	49	92	49
Overseas tax rate differential	(163)	(128)	(95)	(70)
Provision for foreign tax on dividend repatriation	41	155	35	150
Rebatable and non-assessable dividends	-	-	(769)	(954)
Impairment of interest in controlled entities	-	-	-	54
Other	(2)	4	23	(21)
Subtotal	2,940	2,968	1,972	1,958
Income tax (over)/under provided in previous years	1	(28)	(8)	(25)
Income tax expense	2,941	2,940	1,964	1,933
Current tax expense	2,887	2,694	2,012	1,725
Adjustments recognised in the current year in relation to the current tax of prior years	1	(28)	(8)	(25)
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	53	274	(40)	233
Income tax expense	2,941	2,940	1,964	1,933
Australia	1,640	1,844	1,568	1,755
Overseas	1,301	1,096	396	178
Effective tax rate	29.0%	29.2%	22.0%	20.3%

5. INCOME TAX (continued)

DEFERRED TAX ASSETS AND LIABILITIES

	Consolidated		The Company	
	2023 $m	2022 $m	2023 $m	2022 $m
Deferred tax assets balances comprise temporary differences attributable to:				
Amounts recognised in the Income Statement:				
Collectively assessed allowances for expected credit losses	1,128	1,065	897	880
Individually assessed allowances for expected credit losses	102	148	79	119
Provision for employee entitlements	294	252	243	206
Other provisions	263	314	209	240
Software	917	867	781	708
Other	290	285	238	218
Total	2,994	2,931	2,447	2,371
Amounts recognised directly in Other Comprehensive Income:		-		
Cash flow hedge reserve	818	882	789	891
Other reserves	29	20	27	16
Total	847	902	816	907
Total deferred tax assets (before set-off)	3,841	3,833	3,263	3,278
Set-off of deferred tax balances pursuant to set-off provisions	(455)	(449)	(275)	(286)
Net deferred tax assets	3,386	3,384	2,988	2,992

	2023 $m	2022 $m	2023 $m	2022 $m
Deferred tax liabilities balances comprise temporary differences attributable to:				
Amounts recognised in the Income Statement:				
Finance leases	95	79	6	(15)
Other	303	300	212	232
Total	398	379	218	217
Amounts recognised directly in Other Comprehensive Income:				
Foreign currency translation reserve	36	36	36	36
Cash flow hedge reserve	17	8	7	8
FVOCI reserve	17	57	19	31
Defined benefit obligations	47	52	42	48
Total	117	153	104	123
Total deferred tax liabilities (before set-off)	515	532	322	340
Set-off of deferred tax balances pursuant to set-off provisions	(455)	(449)	(275)	(286)
Net deferred tax liabilities	60	83	47	54

5. INCOME TAX (continued)

TAX CONSOLIDATION

The Company and all its wholly owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Following the Restructure on 3 January 2023, ANZGHL is the head entity in the tax-consolidated group. We recognise each of the following in the separate financial statements of members of the tax consolidated group on a 'group allocation' basis: tax expense/income, and deferred tax liabilities/assets that arise from temporary differences for members of the tax-consolidated group.

Under a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by each member of the tax-consolidated group in relation to the tax contribution amounts payable or receivable between members of the tax-consolidated group and the head entity ANZGHL.

Members of the tax-consolidated group have also entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities were the head entity to default on its income tax payment obligations.

UNRECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

Unrecognised deferred tax assets related to unused realised tax losses (on revenue account) total $1 million (2022: $1 million) for the Group and nil (2022: nil) for the Company.

Unrecognised deferred tax liabilities related to additional potential foreign tax costs (assuming all retained earnings in offshore branches and subsidiaries are repatriated) total $286 million (2022: $250 million) for the Group and $30 million (2022: $18 million) for the Company.

RECOGNITION AND MEASUREMENT

INCOME TAX EXPENSE

Income tax expense comprises both current and deferred taxes and is based on the accounting profit adjusted for differences in the accounting and tax treatments of income and expenses (that is, taxable income). We recognise tax expense in profit or loss except when the tax relates to items recognised directly in equity and other comprehensive income, in which case we recognise the tax directly in equity or other comprehensive income respectively.

CURRENT TAX EXPENSE

Current tax is the tax we expect to pay on taxable income for the year, based on tax rates (and tax laws) which are enacted at the reporting date. We recognise current tax as a liability (or asset) to the extent that it is unpaid (or refundable).

DEFERRED TAX ASSETS AND LIABILITIES

We account for deferred tax using the balance sheet method. Deferred tax arises because the accounting income is not always the same as the taxable income. This creates temporary differences, which usually reverse over time. Until they reverse, we recognise a deferred tax asset, or liability, on the balance sheet. We measure deferred taxes at the tax rates that we expect will apply to the period(s) when the asset is realised, or the liability settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date.

We offset current and deferred tax assets and liabilities only to the extent that:

- they relate to income taxes imposed by the same taxation authority;
- there is a legal right and intention to settle on a net basis; and
- it is allowed under the tax law of the relevant jurisdiction.

KEY JUDGEMENTS AND ESTIMATES

Judgement is required in determining provisions held in respect of uncertain tax positions. The Group estimates its tax liabilities based on its understanding of the relevant law in each of the countries in which it operates and seeks independent advice where appropriate.

6. DIVIDENDS

ORDINARY SHARE DIVIDENDS

Dividends determined by the Board of the Company are recognised with a corresponding reduction of retained earnings on the dividend payment date. Accordingly, the final dividend announced for the current financial year is paid in the following financial year. Following the Restructure on 3 January 2023, ANZGHL is the head entity in the tax-consolidated group, and the franking and imputation credits have been transferred by the Company to ANZGHL.

Dividends	% of total	Amount per share	Total dividend $m
Financial Year 2022			
2021 final dividend paid[1,2]		72 cents	2,030
2022 interim dividend paid[1,2]		72 cents	2,012
Bonus option plan adjustment			(77)
Dividends paid during the year ended 30 September 2022			3,965
Cash	90.2%		3,577
Dividend reinvestment plan[3]	9.8%		388
Dividends paid during the year ended 30 September 2022			3,965
Financial Year 2023			
2022 final dividend paid[1,2]		74 cents	2,213
2023 special dividend paid to ANZ BH Pty Ltd		33 cents	1,000
2023 interim dividend paid to ANZ BH Pty Ltd		79 cents	2,387
Dividends paid during the year ended 30 September 2023			5,600
Cash	96.3%		5,394
Dividend reinvestment plan	3.7%		206
Dividends paid during the year ended 30 September 2023			5,600

Dividends announced and to be paid after year-end	Payment date	Amount per share	Total dividend $m
2023 final dividend	22 December 2023	94 cents	2,825

1. Carries New Zealand imputation credits of NZD 9 cents for the 2022 final dividend and 2022 interim dividend, and NZD 8 cents for the 2021 final dividend.
2. Fully franked for Australian tax purposes (30% tax rate).
3. Includes on-market share purchases for the DRP of $204 million.

DIVIDEND REINVESTMENT PLAN AND BONUS OPTION PLAN

ANZBGL's Dividend Reinvestment Plan (DRP) and Bonus Option Plan (BOP) ceased to operate following implementation of the Restructure on 3 January 2023.

RESTRICTIONS ON THE PAYMENT OF DIVIDENDS

APRA's written approval is required before paying dividends on the ordinary shares of the Company if:

- the aggregate dividends exceed the Company's after tax earnings (in calculating those after tax earnings, we take into account any payments we made on senior capital instruments) in the financial year to which they relate; or
- ANZ's Common Equity Tier 1 capital ratio falls within capital range buffers specified by APRA.

If the Company fails to pay a dividend or distribution on its ANZ Capital Notes or ANZ Capital Securities on the scheduled payment date, it may (subject to a number of exceptions) be restricted from resolving to pay or paying any dividend on the Company's ordinary shares.

7. SEGMENT REPORTING

DESCRIPTION OF SEGMENTS

The Group's six operating segments are presented on a basis that is consistent with the information provided internally to the Chief Executive Officer, who is the chief operating decision maker. This reflects the way the Group's businesses are managed, rather than the legal structure of the Group.

We measure the performance of operating segments on a cash profit basis. To calculate cash profit, we exclude items from profit after tax attributable to shareholders. For 2023 and 2022, the adjustments relate to impacts of economic hedges and revenue and expense hedges which represent timing differences that will reverse through earnings in the future. Transactions between divisions across segments within ANZ are conducted on an arm's-length basis and disclosed as part of the income and expenses of these segments.

The presentation of divisional results has been impacted by the following structural changes during the period. Prior period comparatives have been restated:

- Non-banking businesses - transfer of non-banking businesses held in the Australia Commercial and Institutional divisions to the Group Centre division which were then disposed as part of the Restructure.
- Corporate customer re-segmentation - certain business and property finance customers were transferred from the New Zealand division to the Institutional division.
- Cost reallocations - certain costs were reallocated across the Australia Retail, Australia Commercial, Institutional and Group Centre divisions.

The reportable segments are divisions engaged in providing either different products or services or similar products and services in different geographical areas. They are as follows:

Australia Retail

The Australia Retail division provides a full range of banking services to Australian consumers. This includes Home Loans, Deposits, Credit Cards and Personal Loans. Products and services are provided via the branch network, home loan specialists, contact centres, a variety of self-service channels (digital and internet banking, website, ATMs and phone banking) and third-party brokers. It also includes the costs related to the development and operation of the ANZ Plus proposition for retail customers.

Australia Commercial

The Australia Commercial division provides a full range of banking products and financial services, including asset financing, across the following customer segments: SME Banking (small business owners and medium commercial customers), and Specialist Business (large commercial customers, and high net worth individuals and family groups).

Institutional

The Institutional division services global institutional and corporate customers, and governments across Australia, New Zealand and International (including Papua New Guinea (PNG)) via the following business units:

- **Transaction Banking** provides customers with working capital and liquidity solutions including documentary trade, supply chain financing, commodity financing as well as cash management solutions, deposits, payments and clearing.
- **Corporate Finance** provides customers with loan products, loan syndication, specialised loan structuring and execution, project and export finance, debt structuring and acquisition finance and corporate advisory services.
- **Markets** provides customers with risk management services in foreign exchange, interest rates, credit, commodities, and debt capital markets in addition to managing the Group's interest rate exposure and liquidity position.

New Zealand

The New Zealand division comprises the following business units:

- **Personal** provides a full range of banking and wealth management services to consumer and private banking customers. We deliver our services via our internet and app-based digital solutions and a network of branches, mortgage specialists, relationship managers and contact centres.
- **Business and Agri** (previously Business) provides a full range of banking services through our digital, branch and contact centre channels, and traditional relationship banking and sophisticated financial solutions through dedicated managers. These cover privately owned small, medium and large enterprises, the agricultural business segment, government and government-related entities.

Pacific

The Pacific division provides products and services to retail and commercial customers (including multi-nationals) and to governments located in the Pacific region, excluding PNG which forms part of the Institutional division.

Group Centre

Group Centre division provides support to the operating divisions, including technology, property, risk management, financial management, treasury, strategy, marketing, human resources, corporate affairs, and shareholder functions. It also includes minority investments in Asia.

7. SEGMENT REPORTING (continued)

OPERATING SEGMENTS

Year ended 30 September 2023	Australia Retail $m	Australia Commercial $m	Institutional $m	New Zealand $m	Pacific $m	Group Centre $m	Group Total $m
Net interest income	5,716	3,224	4,040	3,149	123	323	16,575
Net fee and commission income	546	322	685	398	19	(24)	1,946
Net income from insurance business	89	-	-	-	-	-	89
Other income[1,2]	16	43	2,009	11	66	(80)	2,065
Share of associates' profit/(loss)	-	-	-	-	-	225	225
Other operating income	651	365	2,694	409	85	121	4,325
Operating income[1,2]	6,367	3,589	6,734	3,558	208	444	20,900
Operating expenses	(3,542)	(1,423)	(2,708)	(1,291)	(145)	(978)	(10,087)
Cash profit before credit impairment and income tax	2,825	2,166	4,026	2,267	63	(534)	10,813
Credit impairment (charge)/release	(135)	(107)	80	(112)	28	1	(245)
Cash profit before income tax	2,690	2,059	4,106	2,155	91	(533)	10,568
Income tax expense and non-controlling interests[1,2]	(816)	(619)	(1,143)	(603)	(20)	105	(3,096)
Cash profit/(loss) from continuing operations	1,874	1,440	2,963	1,552	71	(428)	7,472
Cash profit/(loss) from discontinued operations							-
Cash profit/(loss)							7,472
Economic hedges[1]							(217)
Revenue and expense hedges[2]							(90)
Profit after tax attributable to shareholders							7,165
Includes non-cash items:							
Share of associates' profit/(loss)	-	-	-	-	-	225	225
Depreciation and amortisation	(77)	(5)	(164)	(105)	(10)	(580)	(941)
Equity-settled share based payment expenses	(6)	(2)	(73)	(4)	-	(20)	(105)
Credit impairment (charge)/release	(135)	(107)	80	(112)	28	1	(245)

Financial position	Australia Retail $m	Australia Commercial $m	Institutional $m	New Zealand $m	Pacific $m	Group Centre $m	Group Total $m
Goodwill	100	-	1,261	1,617	-	-	2,978
Investments in associates	-	-	-	-	-	2,321	2,321
Total external assets	315,184	61,916	538,827	125,178	3,391	61,545	1,106,041
Total external liabilities	168,866	119,341	452,779	122,924	3,862	169,155	1,036,927

1. The cash profit adjustment for economic hedges applies to the Institutional, New Zealand and Group Centre divisions with $305 million loss recognised in Other operating income and $88 million benefit recognised in Income tax expense.
2. The cash profit adjustment for revenue and expense hedges applies to the Group Centre division with $129 million loss recognised in Other operating income and $39 million benefit recognised in Income tax expense.

7. SEGMENT REPORTING (continued)

OPERATING SEGMENTS (continued)

Year ended 30 September 2022	Australia Retail $m	Australia Commercial $m	Institutional $m	New Zealand $m	Pacific $m	Group Centre $m	Group Total $m
Net interest income	5,527	2,568	3,697	2,871	96	115	14,874
Net fee and commission income	477	404	648	428	26	(11)	1,972
Net income from insurance business	140	-	-	-	-	-	140
Other income[1,2]	5	258	1,003	32	42	44	1,384
Share of associates' profit/(loss)	-	-	-	-	-	177	177
Other operating income	622	662	1,651	460	68	210	3,673
Operating income[1,2]	6,149	3,230	5,348	3,331	164	325	18,547
Operating expenses	(3,397)	(1,301)	(2,566)	(1,273)	(153)	(889)	(9,579)
Cash profit before credit impairment and income tax	2,752	1,929	2,782	2,058	11	(564)	8,968
Credit impairment (charge)/release	129	133	27	(45)	6	(18)	232
Cash profit before income tax	2,881	2,062	2,809	2,013	17	(582)	9,200
Income tax expense and non-controlling interests[1,2]	(872)	(511)	(872)	(564)	(8)	142	(2,685)
Cash profit/(loss) from continuing operations	2,009	1,551	1,937	1,449	9	(440)	6,515
Cash profit/(loss) from discontinued operations							(19)
Cash profit/(loss)							6,496
Economic hedges[1]							569
Revenue and expense hedges[2]							54
Profit after tax attributable to shareholders							7,119
Includes non-cash items:							
Share of associates' profit/(loss)	-	-	-	-	-	177	177
Depreciation and amortisation	(87)	(12)	(158)	(116)	(10)	(626)	(1,009)
Equity-settled share based payment expenses	(5)	(1)	(72)	(4)	(1)	(19)	(102)
Credit impairment (charge)/release	129	133	27	(45)	6	(18)	232

Financial position	Australia Retail $m	Australia Commercial $m	Institutional $m	New Zealand $m	Pacific $m	Group Centre $m	Group Total $m
Goodwill	178	-	1,198	1,530	-	-	2,906
Investments in associates	-	-	-	-	-	2,181	2,181
Total external assets	292,876	59,983	544,066	116,218	3,707	68,879	1,085,729
Total external liabilities	153,494	118,355	473,114	115,263	4,065	155,037	1,019,328

1. The cash profit adjustment for economic hedges applies to the Institutional, New Zealand and Group Centre divisions with $802 million gain recognised in Other operating income and $233 million expense recognised in Income tax expense.
2. The cash profit adjustment for economic hedges applies to the Group Centre division with $77 million gain recognised in Other operating income and $23 million expense recognised in Income tax expense.

7. SEGMENT REPORTING (continued)

SEGMENT INCOME BY PRODUCTS AND SERVICES

The primary sources of our external income across all divisions are Interest income and Other operating income, which includes net fee and commission income, net foreign exchange earnings and other financial instruments income. The Australia Retail, Australia Commercial, New Zealand, and Pacific divisions derive income from products and services in retail and commercial banking. The Institutional division derives its income from institutional products and market services. No single customer amounts to greater than 10% of the Group's income.

GEOGRAPHICAL INFORMATION

The reportable segments operate across three geographical regions as follows:

- Australia Retail division - Australia
- Australia Commercial division - Australia
- Institutional division - all three geographical regions
- New Zealand division - New Zealand
- Pacific division – Rest of World
- Group Centre division - all three geographical regions

Discontinued operations results are included in the Australia geography. The Rest of World geography includes Asia, Pacific, Europe and the Americas.

The following table sets out total operating income earned including discontinued operations and assets to be recovered in more than one year based on the geographical regions in which the Group operates.

	Australia		New Zealand		Rest of World		Total	
	2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m
Total operating income[1]	**12,677**	12,462	**4,463**	4,501	**3,326**	2,547	**20,466**	19,510
Assets to be recovered in more than one year[2]	**407,221**	384,724	**119,278**	109,191	**28,877**	32,350	**555,376**	526,265

1. Includes Operating income earned from discontinued operations of nil (2022: $84 million).
2. Represents Net loans and advances based on the contractual maturity.

FINANCIAL ASSETS

Outlined below is a description of how we classify and measure financial assets as they apply to the note disclosures that follow.

CLASSIFICATION AND MEASUREMENT

Financial assets - general

There are three measurement classifications for financial assets under AASB 9: amortised cost, FVTPL and FVOCI. Financial assets are classified into these measurement classifications on the basis of two criteria:

- the business model within which the financial asset is managed; and
- the contractual cash flow characteristics of the financial asset (specifically whether the contractual cash flows represent solely payments of principal and interest).

The resultant financial asset classifications are as follows:

- Amortised cost: Financial assets with contractual cash flows that comprise solely payments of principal and interest and which are held in a business model whose objective is to collect their cash flows;
- FVOCI: Financial assets with contractual cash flows that comprise solely payments of principal and interest and which are held in a business model whose objective is to collect their cash flows or to sell the assets; and
- FVTPL: Any other financial assets not falling into the categories above are measured at FVTPL.

Fair value option for financial assets

A financial asset may be irrevocably designated on initial recognition:

- at FVTPL when the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise; or
- at FVOCI for investments in equity securities, where that instrument is neither held for trading nor contingent consideration recognised by an acquirer in a business combination.

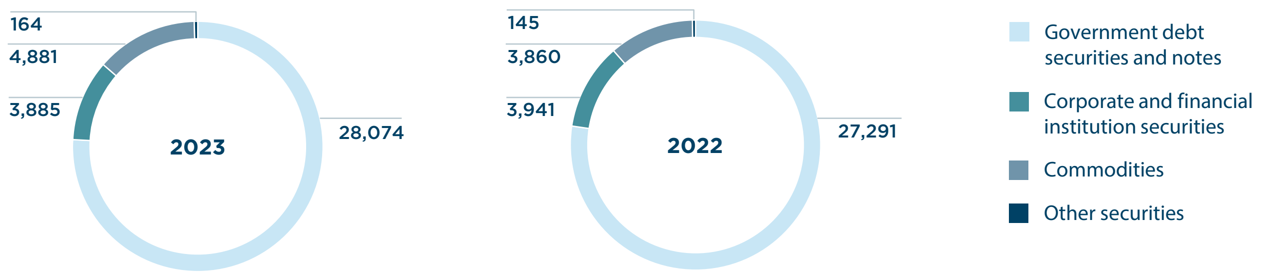
8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and other balances, as outlined below, that are convertible into cash with an insignificant risk of changes in value and with remaining maturities of three months or less, including reverse repurchase agreements.

	Consolidated		The Company	
	2023 $m	2022 $m	2023 $m	2022 $m
Coins, notes and cash at bank	1,070	1,147	667	787
Securities purchased under agreements to resell in less than 3 months[1]	31,711	15,996	31,120	14,372
Balances with central banks	105,689	127,790	94,389	118,928
Settlement balances owed to ANZ within 3 months	29,684	23,199	28,232	21,396
Cash and cash equivalents	168,154	168,132	154,408	155,483

1. During 2023, the Group commenced the management of repurchase agreements and reverse repurchase agreements on a fair value basis within the trading book in its Markets business. This resulted in the associated repurchase and reverse repurchase agreements being recognised and measured at FVTPL.

9. TRADING ASSETS



	Consolidated		The Company	
	2023 $m	2022 $m	2023 $m	2022 $m
Government debt securities and notes	28,074	27,291	23,144	21,881
Corporate and financial institution securities	3,885	3,941	2,914	2,700
Commodities	4,881	3,860	4,471	3,348
Other securities	164	145	164	144
Total	37,004	35,237	30,693	28,073

RECOGNITION AND MEASUREMENT

Trading assets are financial instruments or other assets we either:

- acquire principally for the purpose of selling in the short-term; or
- hold as part of a portfolio we manage for short-term profit making.

Trading assets include commodity inventories measured at fair value less cost to sell in accordance with the broker trader exemption under AASB 102 *Inventories*.

We recognise purchases and sales of trading assets on trade date:

- initially, we measure them at fair value; and
- subsequently, we measure them in the balance sheet at their fair value with any change in fair value recognised in profit or loss.

Assets disclosed as Trading assets are subject to the general classification and measurement policy for Financial Assets outlined at the commencement of the Group's financial assets disclosures on page 101.

KEY JUDGEMENTS AND ESTIMATES

Judgement is required when applying the valuation techniques used to determine the fair value of trading assets not valued using quoted market prices. Refer to Note 18 Fair Value of Financial Assets and Financial Liabilities for further details.

10. DERIVATIVE FINANCIAL INSTRUMENTS

Consolidated Fair Value	Assets 2023 $m	Liabilities 2023 $m	Assets 2022 $m	Liabilities 2022 $m
Derivative financial instruments - held for trading	60,059	(57,210)	89,716	(84,793)
Derivative financial instruments - designated in hedging relationships	347	(272)	458	(356)
Derivative financial instruments	60,406	(57,482)	90,174	(85,149)

The Company Fair Value	Assets 2023 $m	Liabilities 2023 $m	Assets 2022 $m	Liabilities 2022 $m
Derivative financial instruments - held for trading	59,649	(57,256)	87,650	(84,200)
Derivative financial instruments - designated in hedging relationships	340	(255)	406	(300)
Derivative financial instruments	59,989	(57,511)	88,056	(84,500)

FEATURES

Derivative financial instruments are contracts:

- whose value is derived from an underlying price index (or other variable) defined in the contract - sometimes the value is derived from more than one variable;
- that require little or no initial net investment; and
- that are settled at a future date.

Movements in the price of the underlying variables, which cause the value of the contract to fluctuate, are reflected in the fair value of the derivative.

PURPOSE

The Group's derivative financial instruments have been categorised as following:

Trading	Derivatives held in order to: • meet customer needs for managing their own risks. • manage risks in the Group that are not in a designated hedge accounting relationship (some elements of balance sheet management). • undertake market making and positioning activities to generate profits from short-term fluctuations in prices or margins.
Designated in Hedging Relationships	Derivatives designated into hedge accounting relationships in order to minimise profit or loss volatility by matching movements in underlying positions relating to: • hedges of the Group's exposures to interest rate risk and currency risk. • hedges of other exposures relating to non-trading positions.

TYPES

The Group offers or uses four different types of derivative financial instruments:

Forwards	A contract documenting the rate of interest, or the currency exchange rate, to be paid or received on a notional principal amount at a future date.
Futures	An exchange traded contract in which the parties agree to buy or sell an asset in the future for a price agreed on the transaction date, with a net settlement in cash paid on the future date without physical delivery of the asset.
Swaps	A contract in which two parties exchange one series of cash flows for another.
Options	A contract in which the buyer of the contract has the right - but not the obligation - to buy (known as a 'call option') or to sell (known as a 'put option') an asset or instrument at a set price on a future date. The seller has the corresponding obligation to fulfil the transaction to sell or buy the asset or instrument if the buyer exercises the option.

10. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

RISKS MANAGED

The Group offers and uses the instruments described above to manage fluctuations in the following market factors:

Foreign Exchange	Currencies at current or determined rates of exchange.
Interest Rate	Fixed or variable interest rates applying to money lent, deposited or borrowed.
Commodity	Soft commodities (that is, agricultural products such as wheat, coffee, cocoa and sugar) and hard commodities (that is, mined products such as gold, oil and gas).
Credit	Risk of default by customers or third parties.

The Group uses a number of central clearing counterparties and exchanges to settle derivative transactions. Different arrangements for posting of collateral exist with these exchanges:

- some transactions are subject to clearing arrangements which result in separate recognition of collateral assets and liabilities, with the carrying values of the associated derivative assets and liabilities held at their fair value.
- other transactions, are legally settled by the payment or receipt of collateral which reduces the carrying values of the related derivative instruments by the amount paid or received.

DERIVATIVE FINANCIAL INSTRUMENTS – HELD FOR TRADING

The majority of the Group's derivative financial instruments are held for trading. The fair value of derivative financial instruments held for trading is:

Consolidated Fair Value	Assets 2023 $m	Liabilities 2023 $m	Assets 2022 $m	Liabilities 2022 $m
Interest rate contracts				
Forward rate agreements	-	-	-	(1)
Futures contracts	294	(37)	336	(123)
Swap agreements	10,815	(15,194)	10,421	(15,031)
Options	1,805	(2,023)	1,698	(1,954)
Total	12,914	(17,254)	12,455	(17,109)
Foreign exchange contracts				
Spot and forward contracts	21,399	(19,580)	42,221	(37,426)
Swap agreements	23,230	(18,172)	32,169	(27,548)
Options	690	(1,120)	926	(1,343)
Total	45,319	(38,872)	75,316	(66,317)
Commodity and other contracts	1,812	(1,067)	1,927	(1,353)
Credit default swaps	14	(17)	18	(14)
Derivative financial instruments - held for trading[1]	60,059	(57,210)	89,716	(84,793)

1. Includes derivatives held for balance sheet management which are not designated into accounting hedge relationships.

10. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

DERIVATIVE FINANCIAL INSTRUMENTS – HELD FOR TRADING (continued)

The majority of the Company's derivative financial instruments are held for trading. The fair value of derivative financial instruments held for trading is:

The Company Fair Value	Assets 2023 $m	Liabilities 2023 $m	Assets 2022 $m	Liabilities 2022 $m
Interest rate contracts				
Forward rate agreements	2	(1)	2	(7)
Futures contracts	259	(30)	240	(116)
Swap agreements	11,324	(15,178)	10,778	(15,098)
Options	1,807	(2,016)	1,684	(1,947)
Total	13,392	(17,225)	12,704	(17,168)
Foreign exchange contracts				
Spot and forward contracts	19,229	(17,595)	36,576	(33,376)
Swap agreements	24,493	(20,216)	35,526	(30,949)
Options	684	(1,110)	895	(1,331)
Total	44,406	(38,921)	72,997	(65,656)
Commodity and other contracts	1,823	(1,078)	1,923	(1,352)
Credit default swaps	28	(32)	26	(24)
Derivative financial instruments - held for trading[1]	59,649	(57,256)	87,650	(84,200)

1. Includes derivatives held for balance sheet management which are not designated into accounting hedge relationships.

10. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

DERIVATIVE FINANCIAL INSTRUMENTS – DESIGNATED IN HEDGING RELATIONSHIPS

As set out in Note 1, under the accounting policy choice provided by AASB 9, the Group has continued to apply the hedge accounting requirements of AASB 139.

There are three types of hedge accounting relationships the Group utilises:

	Fair value hedge	Cash flow hedge	Net investment hedge
Objective of this hedging arrangement	To hedge our exposure to changes to the fair value of a recognised asset or liability or unrecognised firm commitment caused by interest rate or foreign currency movements.	To hedge our exposure to variability in cash flows of a recognised asset or liability, a firm commitment or a highly probable forecast transaction caused by interest rate, foreign currency and other price movements.	To hedge our exposure to exchange rate differences arising from the translation of our foreign operations from their functional currency to Australian dollars.
Recognition of effective hedge portion	The following are recognised in profit or loss at the same time: • all changes in the fair value of the underlying item relating to the hedged risk; and • the change in the fair value of the derivatives.	We recognise the effective portion of changes in the fair value of derivatives designated as a cash flow hedge in the cash flow hedge reserve.	We recognise the effective portion of changes in the fair value of the hedging instrument in the foreign currency translation reserve (FCTR).
Recognition of ineffective hedge portion	Recognised immediately in Other operating income.		
If a hedging instrument expires, or is sold, terminated, or exercised; or no longer qualifies for hedge accounting	When we recognise the hedged item in profit or loss, we recognise the related unamortised fair value adjustment in profit or loss. This may occur over time if the hedged item is amortised to profit or loss as part of the effective yield over the period to maturity.	Only when we recognise the hedged item in profit or loss is the amount previously deferred in the cash flow hedge reserve transferred to profit or loss.	The amount we defer in the foreign currency translation reserve remains in equity and is transferred to profit or loss only when we dispose of, or partially dispose of, the foreign operation.
Hedged item sold or repaid	We recognise the unamortised fair value adjustment immediately in profit or loss.	Amounts accumulated in equity are transferred immediately to profit or loss.	The gain or loss, or applicable proportion, we have recognised in equity is transferred to profit or loss on disposal or partial disposal of a foreign operation.

10. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

DERIVATIVE FINANCIAL INSTRUMENTS – DESIGNATED IN HEDGING RELATIONSHIPS (continued)

The fair value of derivative financial instruments designated in hedging relationships is:

	2023			2022		
Consolidated	Nominal amount $m	Assets $m	Liabilities $m	Nominal amount $m	Assets $m	Liabilities $m
Fair value hedges						
Foreign exchange spot and forward contracts	607	5	-	604	-	(37)
Interest rate swap agreements	126,881	32	(195)	106,366	79	(168)
Interest rate futures contracts	11,778	243	(9)	17,361	264	(3)
Cash flow hedges						
Interest rate swap agreements	122,704	17	(48)	125,063	33	(53)
Foreign exchange swap agreements	683	50	(19)	656	48	(44)
Foreign exchange spot and forward contracts	-	-	-	161	-	(4)
Net investment hedges						
Foreign exchange spot and forward contracts	47	-	(1)	940	34	(47)
Derivative financial instruments - designated in hedging relationships	262,700	347	(272)	251,151	458	(356)

	2023			2022		
The Company	Nominal amount $m	Assets $m	Liabilities $m	Nominal amount $m	Assets $m	Liabilities $m
Fair value hedges						
Foreign exchange spot and forward contracts	607	5	-	604	-	(37)
Interest rate swap agreements	101,587	32	(184)	80,185	65	(163)
Interest rate futures contracts	11,778	243	(9)	17,361	264	(3)
Cash flow hedges						
Interest rate swap agreements	89,173	10	(42)	94,928	28	(49)
Foreign exchange swap agreements	683	50	(19)	656	48	(44)
Foreign exchange spot and forward contracts	-	-	-	161	-	(4)
Net investment hedges						
Foreign exchange spot and forward contracts	47	-	(1)	146	1	-
Derivative financial instruments - designated in hedging relationships	203,875	340	(255)	194,041	406	(300)

10. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

DERIVATIVE FINANCIAL INSTRUMENTS – DESIGNATED IN HEDGING RELATIONSHIPS (continued)

The maturity profile of the nominal amounts of our hedging instruments held is:

Consolidated Nominal Amount		Average Rate	Less than 3 months $m	3 to 12 months $m	1 to 5 years $m	After 5 years $m	Total $m
As at 30 September 2023							
Fair value hedges							
Interest rate	Interest Rate	2.38%	2,314	10,533	79,350	46,462	138,659
Foreign exchange	HKD/AUD FX Rate	5.02	607	-	-	-	607
Cash flow hedges							
Interest rate	Interest Rate	2.27%	7,573	37,630	76,359	1,142	122,704
Foreign exchange[1]	AUD/USD FX Rate USD/EUR FX Rate	0.74 0.91	-	-	-	683	683
Net investment hedges							
Foreign exchange	NZD/AUD FX Rate	1.09	-	47	-	-	47
As at 30 September 2022							
Fair value hedges							
Interest rate	Interest Rate	1.65%	10,931	17,322	65,259	30,215	123,727
Foreign exchange	HKD/AUD FX Rate	5.43	604	-	-	-	604
Cash flow hedges							
Interest rate	Interest Rate	1.59%	3,317	32,145	88,461	1,140	125,063
Foreign exchange[1]	AUD/USD FX Rate USD/EUR FX Rate	0.74 0.91	40	121	-	656	817
Net investment hedges							
Foreign exchange	TWD/AUD FX Rate THB/AUD FX Rate	20.68 25.05	794	146	-	-	940

1. Hedges of foreign exchange risk cover multiple currency pairs. The table reflects the larger currency pairs only.

10. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

DERIVATIVE FINANCIAL INSTRUMENTS – DESIGNATED IN HEDGING RELATIONSHIPS (continued)

The Company

Nominal Amount		Average Rate	Less than 3 months $m	3 to 12 months $m	1 to 5 years $m	After 5 years $m	Total $m
As at 30 September 2023							
Fair value hedges							
Interest rate	Interest Rate	2.49%	1,910	8,025	61,644	41,786	113,365
Foreign exchange	HKD/AUD FX Rate	5.02	607	-	-	-	607
Cash flow hedges							
Interest rate	Interest Rate	1.78%	3,154	22,353	62,577	1,089	89,173
Foreign exchange[1]	AUD/USD FX Rate	0.74	-	-	-	683	683
	USD/EUR FX Rate	0.91					
Net investment hedges							
Foreign exchange	NZD/AUD FX Rate	1.09	-	47	-	-	47
As at 30 September 2022							
Fair value hedges							
Interest rate	Interest Rate	1.75%	10,931	13,466	48,011	25,138	97,546
Foreign exchange	HKD/AUD FX Rate	5.43	604	-	-	-	604
Cash flow hedges							
Interest rate	Interest Rate	1.37%	1,708	22,611	69,600	1,009	94,928
Foreign exchange[1]	AUD/USD FX Rate	0.74	40	121	-	656	817
	USD/EUR FX Rate	0.91					
Net investment hedges							
Foreign exchange	TWD/AUD FX Rate	20.68	-	146	-	-	146

1. Hedges of foreign exchange risk cover multiple currency pairs. The table reflects the larger currency pairs only.

10. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

DERIVATIVE FINANCIAL INSTRUMENTS – DESIGNATED IN HEDGING RELATIONSHIPS (continued)

The impacts of ineffectiveness from our designated hedge relationships by type of hedge relationship and type of risk being hedged are:

Consolidated	Ineffectiveness			
As at 30 September 2023	Change in value of hedging instrument[2] $m	Change in value of hedged item $m	Hedge ineffectiveness recognised in profit or loss[3] $m	Amount reclassified from the cash flow hedge reserve or FCTR to profit or loss[4] $m
Fair value hedges[1]				
Interest rate	(846)	870	24	-
Foreign exchange	(4)	4	-	-
Cash flow hedges[1]				
Interest rate	280	(239)	41	(13)
Foreign exchange	-	-	-	9
Net investment hedges[1]				
Foreign exchange	(39)	39	-	79
As at 30 September 2022				
Fair value hedges[1]				
Interest rate	697	(719)	(22)	-
Foreign exchange	(55)	55	-	-
Cash flow hedges[1]				
Interest rate	(3,619)	3,453	(166)	(13)
Foreign exchange	(4)	4	-	1
Net investment hedges[1]				
Foreign exchange	62	(62)	-	-

The Company	Ineffectiveness			
As at 30 September 2023	Change in value of hedging instrument[2] $m	Change in value of hedged item $m	Hedge ineffectiveness recognised in profit or loss[3] $m	Amount reclassified from the cash flow hedge reserve or FCTR to profit or loss[4] $m
Fair value hedges[1]				
Interest rate	(797)	814	17	-
Foreign exchange	(4)	4	-	-
Cash flow hedges[1]				
Interest rate	386	(344)	42	(15)
Foreign exchange	-	-	-	9
Net investment hedges[1]				
Foreign exchange	(4)	4	-	-
As at 30 September 2022				
Fair value hedges[1]				
Interest rate	1,570	(1,586)	(16)	-
Foreign exchange	(55)	55	-	-
Cash flow hedges[1]				
Interest rate	(3,643)	3,477	(166)	(13)
Foreign exchange	(4)	4	-	1
Net investment hedges[1]				
Foreign exchange	58	(58)	-	-

1. All hedging instruments are classified as derivative financial instruments.
2. Changes in value of hedging instruments is before any adjustments for Settle to Market clearing arrangements.
3. Recognised in Other operating income.
4. Recognised in Net interest income and Other operating income.

10. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

DERIVATIVE FINANCIAL INSTRUMENTS – DESIGNATED IN HEDGING RELATIONSHIPS (continued)

The hedged items in relation to the Group's fair value hedges are:

Consolidated	Balance sheet presentation	Hedged risk	Carrying amount Assets $m	Carrying amount Liabilities $m	Accumulated fair value hedge adjustments on the hedged item Assets $m	Accumulated fair value hedge adjustments on the hedged item Liabilities $m
As at 30 September 2023						
Fixed rate loans and advances	Net loans and advances	Interest rate	3,472	-	(139)	-
Fixed rate debt issuance	Debt issuances	Interest rate	-	(66,190)	-	4,163
Fixed rate investment securities at FVOCI[1]	Investment securities	Interest rate	61,082	-	(5,121)	-
Equity securities at FVOCI[1]	Investment securities	Foreign exchange	607	-	79	-
Total			65,161	(66,190)	(5,181)	4,163
As at 30 September 2022						
Fixed rate loans and advances	Net loans and advances	Interest rate	10,252	-	(369)	-
Fixed rate debt issuance	Debt issuances	Interest rate	-	(51,531)	-	3,721
Fixed rate investment securities at FVOCI[1]	Investment securities	Interest rate	53,915	-	(5,349)	-
Equity securities at FVOCI[1]	Investment securities	Foreign exchange	604	-	75	-
Total			64,771	(51,531)	(5,643)	3,721

1. The carrying amount of debt and equity instruments at FVOCI does not include the fair value hedge adjustment. The fair value hedge adjustment is included in other comprehensive income.

The cumulative amount of fair value hedge adjustments relating to ceased hedge relationships remaining on the Balance Sheet is -$13 million (2022: -$7 million).

The hedged items in relation to the Company's fair value hedges are:

The Company	Balance sheet presentation	Hedged risk	Carrying amount Assets $m	Carrying amount Liabilities $m	Accumulated fair value hedge adjustments on the hedged item Assets $m	Accumulated fair value hedge adjustments on the hedged item Liabilities $m
As at 30 September 2023						
Fixed rate loans and advances	Net loans and advances	Interest rate	3,472	-	(139)	-
Fixed rate debt issuance	Debt issuances	Interest rate	-	(51,602)	-	3,025
Fixed rate investment securities at FVOCI[1]	Investment securities	Interest rate	52,336	-	(4,342)	-
Equity securities at FVOCI[1]	Investment securities	Foreign exchange	607	-	79	-
Total			56,415	(51,602)	(4,402)	3,025
As at 30 September 2022						
Fixed rate loans and advances	Net loans and advances	Interest rate	10,252	-	(369)	-
Fixed rate debt issuance	Debt issuances	Interest rate	-	(37,141)	-	2,572
Fixed rate investment securities at FVOCI[1]	Investment securities	Interest rate	44,038	-	(4,489)	-
Equity securities at FVOCI[1]	Investment securities	Foreign exchange	604	-	75	-
Total			54,894	(37,141)	(4,783)	2,572

1. The carrying amount of debt and equity instruments at FVOCI does not include the fair value hedge adjustment. The fair value hedge adjustment is included in other comprehensive income.

The cumulative amount of fair value hedge adjustments relating to ceased hedge relationships remaining on the Balance Sheet is -$13 million (2022: -$7 million).

10. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

DERIVATIVE FINANCIAL INSTRUMENTS – DESIGNATED IN HEDGING RELATIONSHIPS (continued)

The hedged items in relation to the Group's and the Company's cash flow and net investment hedges are:

		Cash flow hedge reserve		Foreign currency translation reserve	
Consolidated	Hedged risk	Continuing hedges $m	Discontinued hedges $m	Continuing hedges $m	Discontinued hedges $m
As at 30 September 2023					
Cash flow hedges					
Floating rate loans and advances	Interest rate	(3,482)	11	-	-
Floating rate customer deposits	Interest rate	794	(1)	-	-
Foreign currency debt issuances	Foreign exchange	-	-	-	-
Highly probable forecast transactions	Foreign exchange	-	-	-	-
Net investment hedges					
Foreign operations	Foreign exchange	-	-	12	49
As at 30 September 2022					
Cash flow hedges					
Floating rate loans and advances	Interest rate	(4,286)	19	-	-
Floating rate customer deposits	Interest rate	1,357	5	-	-
Foreign currency debt issuances	Foreign exchange	(1)	(1)	-	-
Highly probable forecast transactions	Foreign exchange	(7)	-	-	-
Net investment hedges					
Foreign operations	Foreign exchange	-	-	43	(149)

		Cash flow hedge reserve		Foreign currency translation reserve	
The Company	Hedged risk	Continuing hedges $m	Discontinued hedges $m	Continuing hedges $m	Discontinued hedges $m
As at 30 September 2023					
Cash flow hedges					
Floating rate loans and advances	Interest rate	(3,103)	2	-	-
Floating rate customer deposits	Interest rate	495	-	-	-
Foreign currency debt issuances	Foreign exchange	-	-	-	-
Highly probable forecast transactions	Foreign exchange	-	-	-	-
Net investment hedges					
Foreign operations	Foreign exchange	-	-	12	49
As at 30 September 2022					
Cash flow hedges					
Floating rate loans and advances	Interest rate	(4,005)	11	-	-
Floating rate customer deposits	Interest rate	1,053	6	-	-
Foreign currency debt issuances	Foreign exchange	(1)	(1)	-	-
Highly probable forecast transactions	Foreign exchange	(7)	-	-	-
Net investment hedges					
Foreign operations	Foreign exchange	-	-	88	(149)

10. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

DERIVATIVE FINANCIAL INSTRUMENTS – DESIGNATED IN HEDGING RELATIONSHIPS (continued)

The table below details the reconciliation of the Group's cash flow hedge reserve by risk type:

Consolidated	Interest rate $m	Foreign currency $m	Total $m
Balance at 1 October 2021	398	(5)	393
Fair value gains/(losses)	(3,453)	(4)	(3,457)
Transferred to profit or loss	(13)	1	(12)
Income taxes and others	1,040	-	1,040
Balance at 30 September 2022	(2,028)	(8)	(2,036)
Fair value gains/(losses)	239	-	239
Transferred to profit or loss	(13)	9	(4)
Income taxes and others	(69)	(2)	(71)
Balance at 30 September 2023	(1,871)	(1)	(1,872)

Hedges of net investments in a foreign operation resulted in a $40 million increase in FCTR during the year (2022: $62 million increase).

The table below details the reconciliation of the Company's cash flow hedge reserve by risk type:

The Company	Interest rate $m	Foreign currency $m	Total $m
Balance at 1 October 2021	389	(5)	384
Fair value gains/(losses)	(3,477)	(4)	(3,481)
Transferred to profit or loss	(13)	1	(12)
Income taxes and others	1,048	-	1,048
Balance at 30 September 2022	(2,053)	(8)	(2,061)
Fair value gains/(losses)	344	-	344
Transferred to profit or loss	(15)	9	(6)
Income taxes and others	(99)	(2)	(101)
Balance at 30 September 2023	(1,823)	(1)	(1,824)

Hedges of net investments in a foreign operation resulted in a $4 million decrease in FCTR during the year (2022: $58 million increase).

10. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

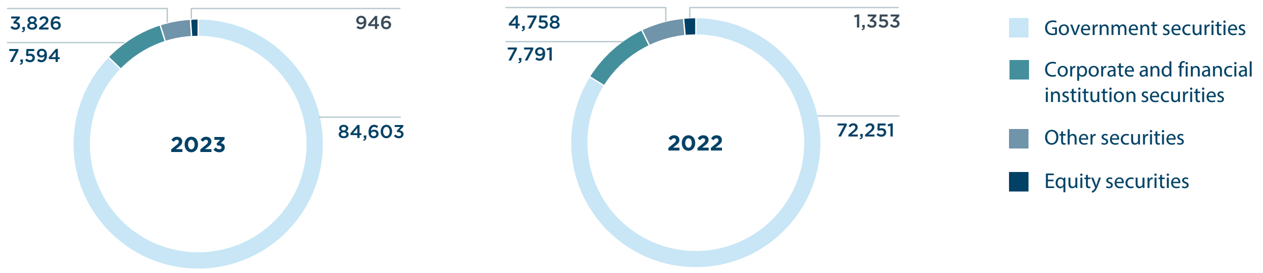
RECOGNITION AND MEASUREMENT

Recognition	Initially and at each reporting date, we recognise all derivatives at fair value. If the fair value of a derivative is positive, then we carry it as an asset, but if its value is negative, then we carry it as a liability. Valuation adjustments are integral in determining the fair value of derivatives. This includes: • a credit valuation adjustment to reflect the counterparty risk and/or event of default; and • a funding valuation adjustment to account for funding costs and benefits in the derivatives portfolio.
Derecognition of assets and liabilities	We remove derivative assets from our Balance Sheet when the contracts expire or we have transferred substantially all the risks and rewards of ownership. We remove derivative liabilities from our Balance Sheet when the Group's contractual obligations are discharged, cancelled or expired. With respect to derivatives cleared through a central clearing counterparty or exchange, derivative assets or liabilities may be derecognised in accordance with the principle above when collateral is settled, depending on the legal arrangements in place for each instrument.
Impact on the Income Statement	The recognition of gains or losses on derivative financial instruments depends on whether the derivative is held for trading or is designated in a hedge accounting relationship. For derivative financial instruments held for trading, gains or losses from changes in the fair value are recognised in profit or loss. For an instrument designated in a hedge accounting relationship, the recognition of gains or losses depends on the nature of the item being hedged. Refer to the table on page 106 for details of the recognition approach applied for each type of hedge accounting relationship. Sources of hedge accounting ineffectiveness may arise from differences in the interest rate reference rate, margins, or rate set differences and differences in discounting between the hedged items and the hedging instruments.
Hedge effectiveness	To qualify for hedge accounting under AASB 139, a hedge relationship is expected to be highly effective. A hedge relationship is highly effective only if the following conditions are met: • the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated (prospective effectiveness); and • the actual results of the hedge are within the range of 80-125% (retrospective effectiveness). The Group monitors hedge effectiveness on a regular basis but at a minimum at each reporting date.

KEY JUDGEMENTS AND ESTIMATES

Judgement is required when we select the valuation techniques used to determine the fair value of derivatives, particularly the selection of valuation inputs that are not readily observable, and the application of valuation adjustments to certain derivatives. Refer to Note 18 Fair Value of Financial Assets and Financial Liabilities for further details.

11. INVESTMENT SECURITIES



	Consolidated		The Company	
	2023 $m	2022 $m	2023 $m	2022 $m
Investment securities measured at FVOCI				
Debt securities	88,271	76,817	76,320	65,257
Equity securities	946	1,353	945	1,027
Investment securities measured at amortised cost				
Debt securities	7,752	7,943	5,936	6,115
Investment Securities measured at FVTPL				
Debt securities	-	40	-	-
Total	96,969	86,153	83,201	72,399

During 2023, ANZBGL transferred its equity interests in the 1835i trusts, TIN and Pollination to ANZ NBH Pty Ltd as part of the Restructure.

The maturity profile of investment securities is as follows:

Consolidated As at 30 September 2023	Less than 3 months $m	3 to 12 months $m	1 to 5 years $m	After 5 years $m	No maturity $m	Total $m
Government securities	8,807	10,233	29,482	36,081	-	84,603
Corporate and financial institution securities	358	1,205	5,973	58	-	7,594
Other securities	617	591	602	2,016	-	3,826
Equity securities	-	-	-	-	946	946
Total	9,782	12,029	36,057	38,155	946	96,969
As at 30 September 2022						
Government securities	6,544	14,045	29,806	21,856	-	72,251
Corporate and financial institution securities	324	2,462	4,906	97	2	7,791
Other securities	429	423	543	3,363	-	4,758
Equity securities	-	-	-	-	1,353	1,353
Total	7,297	16,930	35,255	25,316	1,355	86,153

During the year, the Group recognised a net gain (before tax) of $9 million (2022: $28 million) in Other operating income from the recycling of gains/losses previously recognised in Other comprehensive income in respect of debt securities at FVOCI.

11. INVESTMENT SECURITIES (continued)

The Company As at 30 September 2023	Less than 3 months $m	3 to 12 months $m	1 to 5 years $m	After 5 years $m	No maturity $m	Total $m
Government securities	7,665	8,649	23,140	33,182	-	72,636
Corporate and financial institution securities	280	634	4,822	58	-	5,794
Other securities	617	591	602	2,016	-	3,826
Equity securities	-	-	-	-	945	945
Total	8,562	9,874	28,564	35,256	945	83,201
As at 30 September 2022						
Government securities	5,715	11,647	23,100	19,853	-	60,315
Corporate and financial institution securities	276	1,972	3,993	58	-	6,299
Other securities	429	423	543	3,363	-	4,758
Equity securities	-	-	-	-	1,027	1,027
Total	6,420	14,042	27,636	23,274	1,027	72,399

During the year, the Company recognised a net loss (before tax) of $6 million (2022: $1 million gain) in Other operating income from the recycling of gains/losses previously recognised in Other comprehensive income in respect of debt securities at FVOCI.

RECOGNITION AND MEASUREMENT

Investment securities are those financial assets in security form (that is, transferable debt or equity instruments) that are not held for trading purposes. By way of exception, bills of exchange (a form of security/transferable instrument) which are used to facilitate the Group's customer lending activities are classified as Loans and advances (rather than Investment securities) to better reflect the substance of the arrangement.

Equity investments not held for trading purposes may be designated at FVOCI on an instrument by instrument basis. If this election is made, gains or losses 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.

Assets disclosed as Investment securities are subject to the general classification and measurement policy for Financial Assets outlined at the commencement of the Group's financial asset disclosures on page 101. Additionally, expected credit losses associated with 'Investment securities - debt securities at amortised cost' and 'Investment securities - debt securities at FVOCI' are recognised and measured in accordance with the accounting policy outlined in Note 13 Allowance for Expected Credit Losses. For 'Investment securities - debt securities at FVOCI', the allowance for Expected Credit Loss (ECL) is recognised in the FVOCI reserve in equity with a corresponding charge to profit or loss.

KEY JUDGEMENTS AND ESTIMATES

Judgement is required when we select valuation techniques used to determine the fair value of assets not valued using quoted market prices, particularly the selection of valuation inputs that are not readily observable. Refer to Note 18 Fair Value of Financial Assets and Financial Liabilities for further details.

12. NET LOANS AND ADVANCES

The following table provides details of Net loans and advances:

	Consolidated		The Company	
	2023 $m	2022 $m	2023 $m	2022 $m
Overdrafts	5,552	5,266	4,516	4,262
Credit cards	6,805	6,755	5,630	5,664
Commercial bills	4,682	5,214	4,682	5,214
Term loans – housing	404,491	374,625	304,772	282,965
Term loans – non-housing[1]	285,458	279,730	242,403	238,215
Other	1,292	2,035	1,244	1,929
Subtotal	708,280	673,625	563,247	538,249
Unearned income[2]	(515)	(518)	(483)	(480)
Capitalised brokerage and other origination costs[2]	3,475	2,882	3,048	2,501
Gross loans and advances	711,240	675,989	565,812	540,270
Allowance for expected credit losses (refer to Note 13)	(3,546)	(3,582)	(2,795)	(2,925)
Net loans and advances	707,694	672,407	563,017	537,345
Residual contractual maturity:				
Within one year	152,318	146,142	128,045	121,513
More than one year	555,376	526,265	434,972	415,832
Net loans and advances	707,694	672,407	563,017	537,345
Carried on Balance Sheet at:				
Amortised cost	685,806	667,732	541,777	533,082
Fair value through profit or loss[1]	21,888	4,675	21,240	4,263
Net loans and advances	707,694	672,407	563,017	537,345

1. During 2023, the Group commenced the management of repurchase agreements and reverse repurchase agreements on a fair value basis within the trading book in its Markets business. This resulted in the associated repurchase and reverse repurchase agreements being recognised and measured at FVTPL.
2. Amortised over the expected life of the loan.

RECOGNITION AND MEASUREMENT

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are facilities the Group provides directly to customers or through third party channels.

Loans and advances are initially recognised at fair value plus transaction costs directly attributable to the issue of the loan or advance, which are primarily brokerage and other origination costs which we amortise over the estimated life of the loan. Subsequently, we then measure loans and advances at amortised cost using the effective interest rate method, net of any allowance for expected credit losses, or at fair value when they are specifically designated on initial recognition as FVTPL, are classified as held for sale or when held for trading. Refer to Note 18 Fair Value of Financial Assets and Financial Liabilities for further details.

We classify contracts to lease assets and hire purchase agreements as finance leases if they transfer substantially all the risks and rewards of ownership of the asset to the customer or an unrelated third party. We include these facilities in 'Other' in the table above.

The Group enters into transactions in which it transfers financial assets that are recognised on its Balance Sheet. When the Group retains substantially all of the risks and rewards of the transferred assets, the transferred assets remain on the Group's Balance Sheet, however if substantially all the risks and rewards are transferred, the Group derecognises the asset. If the risks and rewards are partially retained and control over the asset is lost, the Group derecognises the asset. If control over the asset is not lost, the Group continues to recognise the asset to the extent of its continuing involvement.

We separately recognise the rights and obligations retained, or created, in the transfer of assets as appropriate.

Assets disclosed as Net loans and advances are subject to the general classification and measurement policy for financial assets outlined on page 101. Additionally, expected credit losses associated with loans and advances at amortised cost are recognised and measured in accordance with the accounting policy outlined in Note 13 Allowance for Expected Credit Losses.

13. ALLOWANCE FOR EXPECTED CREDIT LOSSES

	2023			2022		
Consolidated	Collectively assessed $m	Individually assessed $m	Total $m	Collectively assessed $m	Individually assessed $m	Total $m
Net loans and advances at amortised cost	3,180	366	3,546	3,049	533	3,582
Off-balance sheet commitments	817	10	827	766	9	775
Investment securities - debt securities at amortised cost	35	-	35	38	-	38
Total	4,032	376	4,408	3,853	542	4,395
Other comprehensive income						
Investment securities - debt securities at FVOCI[1]	15	-	15	10	-	10

	2023			2022		
The Company	Collectively assessed $m	Individually assessed $m	Total $m	Collectively assessed $m	Individually assessed $m	Total $m
Net loans and advances at amortised cost	2,516	279	2,795	2,500	425	2,925
Off-balance sheet commitments	692	5	697	668	5	673
Investment securities - debt securities at amortised cost	1	-	1	1	-	1
Total	3,209	284	3,493	3,169	430	3,599
Other comprehensive income						
Investment securities - debt securities at FVOCI[1]	12	-	12	7	-	7

1. For FVOCI assets, the allowance for ECL does not alter the carrying amount which remains at fair value. Instead, the allowance for ECL is recognised in Other comprehensive income with a corresponding charge to profit or loss.

The following tables present the movement in the allowance for ECL for the year.

Net loans and advances - at amortised cost

Allowance for ECL is included in Net loans and advances.

			Stage 3[1]		
Consolidated	Stage 1 $m	Stage 2 $m	Collectively assessed $m	Individually assessed $m	Total $m
As at 1 October 2021	968	1,994	417	666	4,045
Transfer between stages	219	(224)	(95)	100	-
New and increased provisions (net of releases)	(48)	(202)	42	420	212
Write-backs	-	-	-	(222)	(222)
Bad debts written off (excluding recoveries)	-	-	-	(428)	(428)
Foreign currency translation and other movements[2]	2	(20)	(4)	(3)	(25)
As at 30 September 2022	1,141	1,548	360	533	3,582
Transfer between stages	148	(138)	(94)	84	-
New and increased provisions (net of releases)	(73)	202	61	388	578
Write-backs	-	-	-	(212)	(212)
Bad debts written off (excluding recoveries)	-	-	-	(409)	(409)
Foreign currency translation and other movements[2]	11	12	2	(18)	7
As at 30 September 2023	1,227	1,624	329	366	3,546

1. The Group's credit exposures that are purchased or originated credit-impaired (POCI) are insignificant.
2. Other movements include the impacts of discount unwind on individually assessed allowance for ECL or the impact of divestments completed during the year.

13. ALLOWANCE FOR EXPECTED CREDIT LOSSES (continued)

The Company	Stage 1 $m	Stage 2 $m	Stage 3[1] Collectively assessed $m	Stage 3[1] Individually assessed $m	Total $m
As at 1 October 2021	797	1,679	348	563	3,387
Transfer between stages	192	(201)	(84)	93	-
New and increased provisions (net of releases)	(59)	(220)	31	354	106
Write-backs	-	-	-	(193)	(193)
Bad debts written off (excluding recoveries)	-	-	-	(386)	(386)
Foreign currency translation and other movements[2]	16	1	-	(6)	11
As at 30 September 2022	946	1,259	295	425	2,925
Transfer between stages	122	(118)	(83)	79	-
New and increased provisions (net of releases)	(43)	98	39	295	389
Write-backs	-	-	-	(192)	(192)
Bad debts written off (excluding recoveries)	-	-	-	(310)	(310)
Foreign currency translation and other movements[2]	1	-	-	(18)	(17)
As at 30 September 2023	1,026	1,239	251	279	2,795

1. The Company's credit exposures that are purchased or originated credit-impaired (POCI) are insignificant.
2. Other movements include the impact of discount unwind on individually assessed allowance for ECL.

Off-balance sheet commitments - undrawn and contingent facilities

Allowance for ECL is included in Other provisions.

Consolidated	Stage 1 $m	Stage 2 $m	Stage 3[1] Collectively assessed $m	Stage 3[1] Individually assessed $m	Total $m
As at 1 October 2021	555	211	19	21	806
Transfer between stages	40	(34)	(8)	2	-
New and increased provisions (net of releases)	7	(28)	18	(2)	(5)
Write-backs	-	-	-	(11)	(11)
Foreign currency translation and other movements[2]	(9)	(5)	-	(1)	(15)
As at 30 September 2022	593	144	29	9	775
Transfer between stages	31	(29)	(4)	2	-
New and increased provisions (net of releases)	-	46	(1)	2	47
Write-backs	-	-	-	(4)	(4)
Foreign currency translation and other movements[2]	6	1	1	1	9
As at 30 September 2023	630	162	25	10	827

1. The Group's credit exposures that are POCI are insignificant.
2. Other movements include impact of divestments completed during the year.

13. ALLOWANCE FOR EXPECTED CREDIT LOSSES (continued)

The Company	Stage 1 $m	Stage 2 $m	Stage 3[1] Collectively assessed $m	Stage 3[1] Individually assessed $m	Total $m
As at 1 October 2021	484	171	12	7	674
Transfer between stages	33	(27)	(6)	-	-
New and increased provisions (net of releases)	17	(29)	20	-	8
Write-backs	-	-	-	(2)	(2)
Foreign currency translation and other movements[2]	(4)	(3)	-	-	(7)
As at 30 September 2022	530	112	26	5	673
Transfer between stages	27	(26)	(3)	2	-
New and increased provisions (net of releases)	(10)	35	(2)	-	23
Write-backs	-	-	-	(2)	(2)
Foreign currency translation	3	-	-	-	3
As at 30 September 2023	550	121	21	5	697

1. The Company's credit exposures that are purchased or originated credit-impaired (POCI) are insignificant.
2. Other movements include the impact of divestments completed during the year.

Investment securities - debt securities at amortised cost

Allowance for ECL is included in Investment securities.

Consolidated	Stage 1 $m	Stage 2 $m	Stage 3 Collectively assessed $m	Stage 3 Individually assessed $m	Total $m
As at 30 September 2022	38	-	-	-	38
As at 30 September 2023	35	-	-	-	35

The Company	Stage 1 $m	Stage 2 $m	Stage 3 Collectively assessed $m	Stage 3 Individually assessed $m	Total $m
As at 30 September 2022	1	-	-	-	1
As at 30 September 2023	1	-	-	-	1

Investment securities - debt securities at FVOCI

As FVOCI assets are measured at fair value, there is no separate allowance for ECL. Instead, the allowance for ECL is recognised in Other comprehensive income with a corresponding charge to profit or loss.

Consolidated	Stage 1 $m	Stage 2 $m	Stage 3 Collectively assessed $m	Stage 3 Individually assessed $m	Total $m
As at 30 September 2022	10	-	-	-	10
As at 30 September 2023	15	-	-	-	15

The Company	Stage 1 $m	Stage 2 $m	Stage 3 Collectively assessed $m	Stage 3 Individually assessed $m	Total $m
As at 30 September 2022	7	-	-	-	7
As at 30 September 2023	12	-	-	-	12

13. ALLOWANCE FOR EXPECTED CREDIT LOSSES (continued)

CREDIT IMPAIRMENT CHARGE - INCOME STATEMENT

Credit impairment charge/(release) analysis

	Consolidated		The Company	
	2023 $m	2022 $m	2023 $m	2022 $m
New and increased provisions (net of releases)[1,2]				
- Collectively assessed	152	(311)	41	(333)
- Individually assessed	476	520	376	447
Write-backs[3]	(216)	(233)	(194)	(195)
Recoveries of amounts previously written-off	(167)	(208)	(148)	(184)
Total credit impairment charge	245	(232)	75	(265)

1. Includes the impact of transfers between collectively assessed and individually assessed.
2. New and increased provisions (net of releases) includes:

	Consolidated				The Company			
	2023		2022		2023		2022	
	Collectively assessed $m	Individually assessed $m	Collectively assessed $m	Individually assessed $m	Collectively assessed $m	Individually assessed $m	Collectively assessed $m	Individually assessed $m
Net loans and advances at amortised cost	106	472	(308)	520	15	374	(341)	447
Off-balance sheet commitments	43	4	(5)	-	21	2	8	-
Investment securities - debt securities at amortised cost	(1)	-	3	-	-	-	-	-
Investment securities - debt securities at FVOCI	4	-	(1)	-	5	-	-	-
Total	152	476	(311)	520	41	376	(333)	447

3. Consists of write-backs in Net loans and advances at amortised cost of $212 million (2022: $222 million) for the Group and $192 million (2022: $193 million) for the Company, and Off-balance sheet commitments of $4 million (2022: $11 million) for the Group and $2 million (2022: $2 million) for the Company.

The contractual amount outstanding on financial assets that were written off during the year and that are still subject to enforcement activity is $147 million (2022: $143 million) for the Group, and $133 million (2022: $128 million) for the Company.

13. ALLOWANCE FOR EXPECTED CREDIT LOSSES (continued)

RECOGNITION AND MEASUREMENT

EXPECTED CREDIT LOSS MODEL

The measurement of expected credit losses reflects an unbiased, probability weighted prediction which evaluates a range of scenarios and takes into account the time value of money, past events, current conditions and forecasts of future economic conditions.

Expected credit losses are either measured over 12 months or the expected lifetime of the financial asset, depending on 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 (SICR) since origination, an allowance for ECL is recognised reflecting the expected credit losses resulting from default events that are possible within the next 12 months from the reporting date. For instruments with a remaining maturity of less than 12 months, expected credit losses are estimated based on default events that are possible over the remaining time to maturity.
- Stage 2: Where there has been a SICR since origination, an allowance for ECL is recognised reflecting expected credit losses resulting from all possible default events over the expected life of a financial instrument. If credit risk were to improve in a subsequent period such that the increase in credit risk since origination is no longer considered significant, the exposure returns to a Stage 1 classification with ECL measured accordingly.
- Stage 3: Where there is objective evidence of impairment, an allowance equivalent to lifetime ECL is recognised.

Expected credit losses are estimated on a collective basis for exposures in Stage 1 and Stage 2, and on either a collective or individual basis when transferred to Stage 3.

MEASUREMENT OF EXPECTED CREDIT LOSS

ECL is calculated as the product of the following credit risk factors at a facility level, discounted to incorporate the time value of money:

- Probability of default (PD) - the estimate of the likelihood that a borrower will default over a given period;
- Exposure at default (EAD) - the expected balance sheet exposure at default taking into account repayments of principal and interest, expected additional drawdowns and accrued interest; and
- Loss given default (LGD) - the expected loss in the event of the borrower defaulting, expressed as a percentage of the facility's EAD, taking into account direct and indirect recovery costs.

These credit risk factors are adjusted for current and forward-looking information through the use of macroeconomic variables.

EXPECTED LIFE

When estimating ECL for exposures in Stage 2 and 3, the Group considers the expected lifetime over which it is exposed to credit risk.

For non-retail portfolios, the Group uses the maximum contractual period as the expected lifetime for non-revolving credit facilities. For non-retail revolving credit facilities, such as corporate lines of credit, the expected life reflects the Group’s contractual right to withdraw a facility as part of a contractually agreed annual review, after taking into account the applicable notice period.

For retail portfolios, the expected lifetime is determined using a behavioural term, taking into account expected prepayment behaviour and events that give rise to substantial modifications.

DEFINITION OF DEFAULT, CREDIT IMPAIRED AND WRITE-OFFS

The definition of default used in measuring ECL is aligned to the definition used for internal credit risk management purposes across all portfolios. This definition is also in line with the regulatory definition of default. 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 default.

When there is no realistic probability of recovery, loans are written off against the related impairment allowance on completion of the Group’s internal processes and when all reasonably expected recoveries have been collected. In subsequent periods, any recoveries of amounts previously written-off are recorded as a release to the credit impairment charge in the income statement.

13. ALLOWANCE FOR EXPECTED CREDIT LOSSES (continued)

RECOGNITION AND MEASUREMENT (continued)

MODIFIED FINANCIAL ASSETS

If the contractual terms of a financial asset are modified or an existing financial asset is replaced with a new one for either credit or commercial reasons, an assessment is made to determine if the changes to the terms of the existing financial asset are considered substantial. This assessment considers both changes in cash flows arising from the modified terms as well as changes in the overall instrument risk profile; for example, changes in the principal (credit limit), term, or type of underlying collateral. Where a modification is considered non-substantial, the existing financial asset is not derecognised and its date of origination continues to be used to determine SICR. Where a modification is considered substantial, the existing financial asset is derecognised and a new financial asset is recognised at its fair value on the modification date, which also becomes the date of origination used to determine SICR for this new asset.

SIGNIFICANT INCREASE IN CREDIT RISK (SICR)

Stage 2 assets are those that have experienced a SICR since origination. In determining what constitutes a SICR, the Group considers both qualitative and quantitative information:

i. Internal credit rating grade

For the majority of portfolios, the primary indicator of a SICR is a significant deterioration in the internal credit rating grade of a facility since origination and is measured by application of thresholds.

For non-retail portfolios, a SICR is determined by comparing the Customer Credit Rating (CCR) applicable to a facility at reporting date to the CCR at origination of that facility. A CCR is assigned to each borrower which reflects the PD of the borrower and incorporates both borrower and non-borrower specific information, including forward-looking information. CCRs are subject to review at least annually or more frequently when an event occurs which could affect the credit risk of the customer.

For retail portfolios, a SICR is determined, depending on the type of facility, by either comparing the scenario weighted lifetime PD at the reporting date to that at origination, or by reference to customer behavioural score thresholds. The scenario weighted lifetime probability of default may increase significantly if:

- there has been a deterioration in the economic outlook, or an increase in economic uncertainty; or
- there has been a deterioration in the customer's overall credit position, or ability to manage their credit obligations.

ii. Backstop criteria

The Group uses 30 days past due arrears as a backstop criterion for both non-retail and retail portfolios. For retail portfolios only, facilities are required to demonstrate three to six months of good payment behaviour prior to being allocated back to Stage 1.

FORWARD-LOOKING INFORMATION

Forward-looking information is incorporated into both our assessment of whether a financial asset has experienced a SICR since origination and in our estimate of ECL. In applying forward-looking information for estimating ECL, the Group considers four probability-weighted forecast economic scenarios as follows:

i. Base case scenario

The base case scenario is ANZ's view of future macroeconomic conditions. It reflects management's assumptions used for strategic planning and budgeting, and also informs the Group Internal Capital Adequacy Assessment Process (ICAAP) which is the process the Group applies in strategic and capital planning over a 3-year time horizon;

ii. Upside and iii. Downside scenarios

The upside and downside scenarios are fixed by reference to average economic cycle conditions (that is, they are not based on the economic conditions prevailing at balance date) and are based on a combination of more optimistic (in the case of the upside) and pessimistic (in the case of the downside) economic events and uncertainty over long term horizons; and

iv. Severe downside scenario

To better reflect the current economic conditions and geopolitical environment, the Group altered the severe downside scenario in 2022 from a scenario fixed by reference to average economic cycle conditions to one which aligns with the scenario used for Group-wide stress testing.

13. ALLOWANCE FOR EXPECTED CREDIT LOSSES (continued)

RECOGNITION AND MEASUREMENT (continued)

FORWARD-LOOKING INFORMATION (continued)

The four scenarios are described in terms of macroeconomic variables used in the PD, LGD and EAD models (collectively the ECL models) depending on the lending portfolio and country of the borrower. Examples of the macroeconomic variables include unemployment rates, Gross Domestic Product (GDP) growth rates, residential property price indices, commercial property price indices and consumer price indices.

Probability weighting of each scenario is determined by management considering the risks and uncertainties surrounding the base case economic scenario, as well as specific portfolio considerations where required. The Group Asset and Liability Committee (GALCO) is responsible for reviewing and approving the base case economic scenario and the Credit and Market Risk Committee (CMRC) approves the probability weights applied to each scenario.

Where applicable, temporary adjustments may be made to account for situations where known or expected risks have not been adequately addressed in the modelling process. CMRC is responsible for approving such adjustments.

KEY JUDGEMENTS AND ESTIMATES

Collectively assessed allowance for expected credit losses

In estimating collectively assessed ECL, the Group makes judgements and assumptions in relation to:

- the selection of an estimation technique or modelling methodology; and
- the selection of inputs for those models, and the interdependencies between those inputs.

The following table summarises the key judgements and assumptions in relation to the model inputs and the interdependencies between those inputs, and highlights significant changes during the current period.

The judgements and associated assumptions have been made within the context of the uncertainty as to how various factors might impact the global economy and reflect historical experience and other factors that are considered to be relevant, including expectations of future events that are believed to be reasonable under the circumstances. The Group's ECL estimates are inherently uncertain and, as a result, actual results may differ from these estimates.

Judgement/Assumption	Description	Considerations for the year ended 30 September 2023
Determining when a Significant Increase in Credit Risk has occurred or reversed	In the measurement of ECL, judgement is involved in determining whether there has been a SICR since initial recognition of a loan, which would result in it moving from Stage 1 to Stage 2. This is a key area of judgement since transition from Stage 1 to Stage 2 increases the ECL from an allowance based on the probability of default (PD) in the next 12 months, to an allowance for lifetime expected credit losses. Subsequent decreases in credit risk resulting in transition from Stage 2 to Stage 1 may similarly result in significant changes in the ECL allowance. The setting of precise SICR trigger points requires judgement which may have a material impact upon the size of the ECL allowance. The Group monitors the effectiveness of SICR criteria on an ongoing basis.	The determination of SICR has been applied consistent with prior periods.

13. ALLOWANCE FOR EXPECTED CREDIT LOSSES (continued)

KEY JUDGEMENTS AND ESTIMATES (continued)

Judgement/Assumption	Description	Considerations for the year ended 30 September 2023
Measuring both 12-month and lifetime expected credit losses	The PD, LGD and EAD factors used in determining ECL are point-in-time measures reflecting the relevant forward-looking information determined by management. Judgement is involved in determining which forward-looking information is relevant for particular lending portfolios and for determining each portfolio's point-in-time sensitivity. In addition, judgement is required where behavioural characteristics are applied in estimating the lifetime of a facility which is used in measuring ECL.	The PD, LGD and EAD models are subject to the Group's model risk policy that stipulates periodic model monitoring and re-validation, and defines approval procedures and authorities according to model materiality. There were no material changes to the policy.
Base case economic forecast	The Group derives a forward-looking 'base case' economic scenario which reflects ANZ Research - Economics' (ANZ Economics) view of future macroeconomic conditions.	There have been no changes to the types of forward-looking variables (key economic drivers) used as model inputs. As at 30 September 2023, the base case assumptions have been updated to reflect slowing economies and reduced levels of household consumption in Australia and New Zealand associated with continuing high interest rates and elevated levels of inflation. The expected outcomes of key economic drivers for the base case scenario at 30 September 2023 are described below under the heading "Base case economic forecast assumptions".
Probability weighting of each economic scenario (base case, upside, downside and severe downside scenarios)[1]	Probability weighting of each economic scenario is determined by management considering the risks and uncertainties surrounding the base case economic scenario at each measurement date. The assigned probability weightings in Australia, New Zealand and Rest of World are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected.	Probability weightings in the current period have been adjusted to reflect our assessment of the downside risks from the impact of continued high interest rates and inflation on the economies in which the Group operates. Weightings for current and prior periods are as detailed in the section below under the heading on 'Probability weightings'.
Management temporary adjustments	Management temporary adjustments to the ECL allowance are used in circumstances where it is judged that our existing inputs, assumptions and model techniques do not capture all the risk factors relevant to our lending portfolios. Emerging local or global macroeconomic, microeconomic or political events, natural disasters, and natural hazards that are not incorporated into our current parameters, risk ratings, or forward-looking information are examples of such circumstances.	Management have continued to apply adjustments to accommodate uncertainty associated with higher inflation and interest rates. Management overlays have been made for risks particular to retail, including home loans, credit cards and small business in Australia, and for mortgages, commercial property and agri in New Zealand. Management has considered and concluded no temporary adjustment is required at 30 September 2023 to the ECL in relation to climate- or weather-related events during the year.

1. The upside and downside scenarios are fixed by reference to average economic cycle conditions (that is, they are not based on the economic conditions prevailing at balance date) and are based on a combination of more optimistic (in the case of the upside) and pessimistic (in the case of the downside) economic conditions.

13. ALLOWANCE FOR EXPECTED CREDIT LOSSES (continued)

KEY JUDGEMENTS AND ESTIMATES (continued)

Base case economic forecast assumptions

Continuing uncertainties described above increase the risk of the economic forecast resulting in an understatement or overstatement of the ECL balance.

The economic drivers of the base case economic forecasts, reflective of ANZ Economics' view of future macroeconomic conditions used at 30 September 2023 are set out below. For the years following the near term forecasts below, the ECL models apply simplified assumptions for the economic conditions to calculate lifetime loss.

	Forecast calendar year		
	2023	2024	2025
Australia			
GDP (annual % change)	1.5	1.3	2.2
Unemployment rate (annual average)	3.6	4.4	4.5
Residential property prices (annual % change)	5.9	2.8	4.3
Consumer price index (annual average % change)	5.6	3.5	2.9
New Zealand			
GDP (annual % change)	0.7	0.3	1.5
Unemployment rate (annual average)	3.8	4.8	5.1
Residential property prices (annual % change)	-0.6	2.3	3.2
Consumer price index (annual average % change)	6.0	3.8	2.2
Rest of world			
GDP (annual % change)	1.8	0.9	2.0
Consumer price index (annual average % change)	3.9	2.9	2.2

The base case economic forecasts for Australia, New Zealand and Rest of World are for continuing slowdowns in economic activity. Continued high inflation in Australia and New Zealand is expected to keep interest rates high and dampen growth over the forecast period.

Probability weightings

Probability weightings for each scenario are determined by management considering the risks and uncertainties surrounding the base case economic scenario including the uncertainties described above.

The average base case weighting has increased to 45.9% (Sep 22: 45%) as the downside and severe downside scenario weightings have been revised. The average downside case weighting has increased to 41.2% (Sep 22: 40%), and the average severe downside case weighting has decreased to 12.9% (Sep 22: 15%).

The assigned probability weightings in Australia, New Zealand and Rest of World are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these weightings in each geography to provide estimates of the possible loss outcomes and taking into account short and long term inter-relationships within the Group's credit portfolios. The average weightings applied across the Group are set out below:

	Consolidated		The Company	
	2023	2022	2023	2022
Base	45.9%	45.0%	45.0%	45.0%
Upside	0.0%	0.0%	0.0%	0.0%
Downside	41.2%	40.0%	42.1%	40.0%
Severe downside	12.9%	15.0%	12.9%	15.0%

13. ALLOWANCE FOR EXPECTED CREDIT LOSSES (continued)

KEY JUDGEMENTS AND ESTIMATES (continued)

ECL - Sensitivity analysis

Given current economic uncertainties and the judgement applied to factors used in determining the expected default of borrowers in future periods, expected credit losses reported by the Group should be considered as a best estimate within a range of possible estimates.

The table below illustrates the sensitivity of collectively assessed ECL to key factors used in determining it as at 30 September 2023:

	Consolidated		The Company	
	ECL $m	Impact $m	ECL $m	Impact $m
If 1% of Stage 1 facilities were included in Stage 2	4,116	84	3,283	73
If 1% of Stage 2 facilities were included in Stage 1	4,027	(5)	3,206	(4)
100% upside scenario	1,274	(2,758)	1,050	(2,160)
100% base scenario	1,790	(2,242)	1,406	(1,804)
100% downside scenario	3,123	(909)	2,484	(726)
100% severe downside scenario	9,251	5,219	7,457	4,247

Individually assessed allowance for expected credit losses

In estimating individually assessed ECL, the Group makes judgements and assumptions in relation to expected repayments, the realisable value of collateral, business prospects for the customer, competing claims and the likely cost and duration of the work-out process. Judgements and assumptions in respect of these matters have been updated to reflect amongst other things, the uncertainties described above.

FINANCIAL LIABILITIES

Outlined below is a description of how we classify and measure financial liabilities relevant to the note disclosures that follow.

CLASSIFICATION AND MEASUREMENT

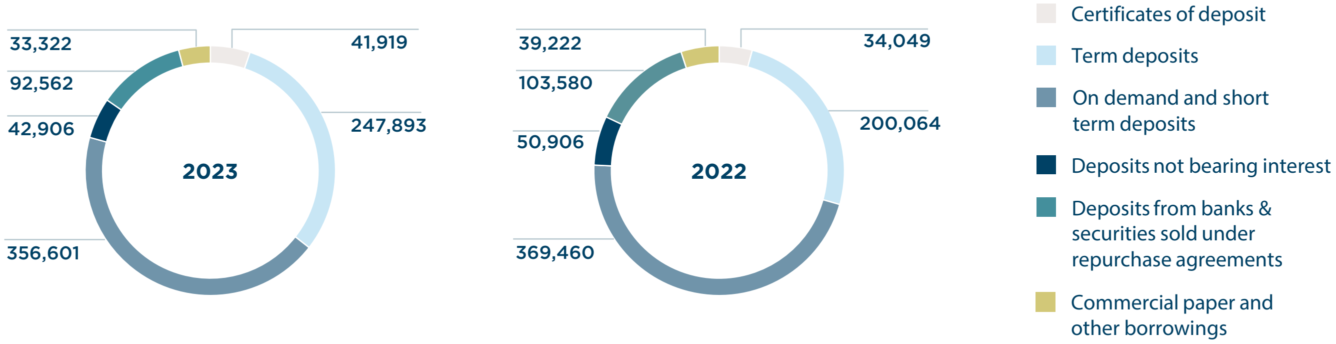
Financial liabilities

Financial liabilities are measured at amortised cost, or FVTPL when they are held for trading. Additionally, financial liabilities can be designated at FVTPL where:

- the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise;
- a group of financial liabilities are managed and their performance are evaluated on a fair value basis, in accordance with a documented risk management strategy; or
- the financial liability contains one or more embedded derivatives unless:
  a) the embedded derivative does not significantly modify the cash flows that otherwise would be required by the contract; or
  b) the embedded derivative is closely related to the host financial liability.

Where financial liabilities are designated as measured at fair value, gains or losses relating to changes in the entity's own credit risk are included in Other comprehensive income, except where doing so would create or enlarge an accounting mismatch in profit or loss.

14. DEPOSITS AND OTHER BORROWINGS



	Consolidated		The Company	
	2023 $m	2022 $m	2023 $m	2022 $m
Certificates of deposit	**41,919**	34,049	**39,426**	32,411
Term deposits	**247,893**	200,064	**196,309**	157,479
On demand and short term deposits	**356,601**	369,460	**297,195**	310,857
Deposits not bearing interest	**42,906**	50,906	**24,456**	29,416
Deposits from banks & securities sold under repurchase agreements[1]	**92,562**	103,580	**86,464**	98,825
Commercial paper and other borrowings	**33,322**	39,222	**31,225**	36,619
Deposits and other borrowings	**815,203**	797,281	**675,075**	665,607
Residual contractual maturity:				
Within one year	**805,808**	781,573	**671,395**	654,997
More than one year	**9,395**	15,708	**3,680**	10,610
Deposits and other borrowings	**815,203**	797,281	**675,075**	665,607
Carried on Balance Sheet at:				
Amortised cost	**781,314**	794,621	**643,868**	665,567
Fair value through profit or loss[1]	**33,889**	2,660	**31,207**	40
Deposits and other borrowings	**815,203**	797,281	**675,075**	665,607

1. During 2023, the Group commenced the management of repurchase agreements and reverse repurchase agreements on a fair value basis within the trading book in its Markets business. This resulted in the associated repurchase and reverse repurchase agreements being recognised and measured at FVTPL.

RECOGNITION AND MEASUREMENT

For deposits and other borrowings that:

- are not designated at FVTPL on initial recognition, we measure them at amortised cost and recognise their interest expense using the effective interest rate method; and
- are managed on a fair value basis, reduce or eliminate an accounting mismatch or contain an embedded derivative, we designate them as measured at FVTPL.

Refer to Note 18 Fair Value of Financial Assets and Financial Liabilities for further details.

For deposits and other borrowings designated at fair value we recognise the amount of fair value gain or loss attributable to changes in the Group's own credit risk in Other comprehensive income in retained earnings. Any remaining amount of fair value gain or loss we recognise directly in profit or loss. Once we have recognised an amount in other comprehensive income, we do not later reclassify it to profit or loss.

Securities sold under repurchase agreements represent a liability to repurchase the financial assets that remain on our balance sheet since the risks and rewards of ownership remain with the Group. Over the life of the repurchase agreement, we recognise the difference between the sale price and the repurchase price and charge it to interest expense in profit or loss.

15. PAYABLES AND OTHER LIABILITIES

	Consolidated		The Company	
	2023 $m	2022 $m	2023 $m	2022 $m
Payables and accruals	5,811	2,896	4,582	2,189
Liabilities at fair value[1]	5,267	3,239	4,922	2,857
Lease liabilities	1,767	1,040	1,531	1,628
Trail commission liabilities	1,469	1,320	1,469	1,320
Other liabilities	1,618	1,340	775	568
Payables and other liabilities	15,932	9,835	13,279	8,562

1. Relate to securities sold short classified as held for trading and measured at FVTPL.

RECOGNITION AND MEASUREMENT

The Group recognises liabilities when there is a present obligation to transfer economic resources as a result of past events.

Below is the measurement basis for each item classified as other liabilities:

- Payables, accruals and other liabilities are measured at the contractual amount payable or the best estimate of consideration required to settle the payable.
- Liabilities at fair value relate to securities sold short, which we classify as held for trading and measure at FVTPL based on quoted prices in active markets.
- Lease liabilities are initially measured at the present value of the future lease payments using the Group's incremental borrowing rate at the lease commencement date. The carrying amount is then subsequently adjusted to reflect the interest on the lease liability, lease payments that have been made and any lease reassessments or modifications.
- Trail commission liabilities are measured based on the present value of expected future trail commission payments taking into consideration average behavioural loan life and outstanding balances of broker originated loans.

16. DEBT ISSUANCES

The Group, primarily via ANZBGL or other banking subsidiaries, uses a variety of funding programmes to issue senior debt (including covered bonds and securitisations) and subordinated debt. The difference between senior debt and subordinated debt is that holders of senior debt of a Group issuer take priority over holders of subordinated debt owed by that issuer. In the winding up of a Group issuer, the subordinated debt will be repaid by the relevant issuer only after the repayment of claims of its depositors, other creditors and the senior debt holders of that issuer.

	Consolidated		The Company	
	2023 $m	2022 $m	2023 $m	2022 $m
Senior debt	63,233	52,324	50,671	40,325
Covered bonds	18,223	12,967	15,084	9,371
Securitisation	880	1,115	-	-
Total unsubordinated debt	82,336	66,406	65,755	49,696
Subordinated debt				
- ANZBGL Additional Tier 1 capital	8,232	7,705	8,287	7,763
- ANZBGL Tier 2 capital	23,707	17,907	23,707	17,907
- Other subordinated debt securities	1,739	1,716	464	462
Total subordinated debt	33,678	27,328	32,458	26,132
Total debt issued	116,014	93,734	98,213	75,828
Residual contractual maturity [1]*:*				
Within one year	21,746	25,208	18,499	21,990
More than one year	92,856	66,660	78,245	51,929
No maturity date (instruments in perpetuity)	1,412	1,866	1,469	1,909
Total debt issued	116,014	93,734	98,213	75,828
Carried on Balance Sheet at:				
Amortised cost	114,678	92,623	95,881	72,757
Fair value through profit or loss	1,336	1,111	2,332	3,071
Total debt issued	116,014	93,734	98,213	75,828

1. Based on the final maturity date or, in the case of Additional Tier 1 capital securities, the mandatory conversion date (if any).

TOTAL DEBT ISSUED BY CURRENCY

The table below shows the Group's issued debt by currency of issue, which broadly represents the debt holders' base location.

		Consolidated		The Company	
		2023 $m	2022 $m	2023 $m	2022 $m
USD	United States dollars	32,723	25,527	24,074	17,206
EUR	Euro	26,990	19,923	21,356	14,049
AUD	Australian dollars	47,043	36,398	46,123	35,259
NZD	New Zealand dollars	1,575	1,628	43	46
JPY	Japanese yen	1,993	2,159	1,993	2,159
CHF	Swiss francs	1,039	954	-	-
GBP	Pounds sterling	2,230	5,261	2,230	5,261
HKD	Hong Kong dollars	1,407	771	1,407	771
Other	Chinese yuan and Singapore dollars	1,014	1,113	987	1,077
Total debt issued		116,014	93,734	98,213	75,828

SUBORDINATED DEBT

At 30 September 2023, all subordinated debt issued by ANZBGL (other than its USD 300 million perpetual subordinated notes) qualifies as regulatory capital for the Group. Depending on their terms and conditions, the subordinated debt instruments issued by ANZBGL are classified as either Additional Tier 1 (AT1) capital for the Group (in the case of the ANZ Capital Notes (ANZ CN) and ANZ Capital Securities (ANZ CS)) or Tier 2 capital for the Group (in the case of the term subordinated notes) for APRA's capital adequacy purposes.

Subordinated debt issued externally by ANZ Bank New Zealand will constitute subordinated debt of both ANZ Bank New Zealand and the Group. Whilst it will constitute tier 2 capital for ANZ Bank New Zealand for the purposes of the Reserve Bank of New Zealand's (RBNZ) capital requirements, it will not constitute Tier 2 capital for the Group as the terms of the subordinated debt does not satisfy APRA's capital requirements.

16. DEBT ISSUANCES (continued)

AT1 Capital

All outstanding AT1 capital instruments issued by ANZBGL are Basel III fully compliant instruments (refer to Note 24 Capital Management for further information about Basel III) for APRA's capital adequacy purposes. Each of the ANZ CN and ANZ CS rank equally with each other.

Distributions on the AT1 capital instruments are non-cumulative and subject to the issuer's absolute discretion and certain payment conditions (including regulatory requirements). Distributions on ANZ CNs are franked in line with the franking applied to ANZGHL's ordinary shares.

Where specified, the AT1 capital instruments provide the issuer with an early redemption or conversion option on a specified date and in certain other circumstances (such as a tax or regulatory event). This redemption option is subject to APRA's prior written approval.

Each of the AT1 capital instruments will immediately convert into a variable number of ANZGHL's ordinary shares (based on the average market price of the shares immediately prior to conversion less a 1% discount, subject to a maximum conversion number of ANZGHL's ordinary shares) if:

- The Group's or ANZBGL's Common Equity Tier 1 capital ratio is equal to or less than 5.125% - known as a Common Equity Capital Trigger Event; or
- APRA notifies ANZBGL that, without the conversion or write-off of certain securities or a public sector injection of capital (or equivalent support), it considers that ANZBGL would become non-viable – known as a Non-Viability Trigger Event.

Where specified, AT1 capital instruments mandatorily convert into a variable number of ANZGHL's ordinary shares (based on the average market price of the shares immediately prior to conversion less a 1% discount):

- on a specified mandatory conversion date; or
- on an earlier date under certain circumstances as set out in the terms.

However, the mandatory conversion is deferred for a specified period if certain conversion tests are not met.

If the AT1 capital securities convert, and the holders receive ANZGHL ordinary shares, then:

- the AT1 capital securities are transferred to ANZGHL for their face value;
- ANZBGL shall redeem the securities and simultaneously issue ordinary shares to its parent ANZ BH Limited (based on ANZBGL's share price calculated by reference to its consolidated net assets, subject to a maximum conversion number); and
- ANZ BH Limited will issue shares to ANZGHL (calculated on the same basis for ANZ BH Limited).

Preference shares issued externally by ANZ Bank New Zealand will constitute additional tier 1 capital for ANZ Bank New Zealand for the purposes of the RBNZ's capital requirements, however they will not constitute Additional Tier 1 capital for the Group as the terms of the preference shares do not satisfy APRA's capital requirements. The preference shares are included within non-controlling interests in Note 23 Shareholders' Equity.

The tables below show the key details of the ANZBGL's AT1 capital instruments on issue at 30 September in both the current and prior years:

			Consolidated		The Company	
			2023 $m	2022 $m	2023 $m	2022 $m
ANZBGL's Additional Tier 1 capital (perpetual subordinated securities)[1]						
ANZ Capital Notes (ANZ CN)						
AUD	970m	ANZ CN3[2]	-	970	-	985
AUD	1,622m	ANZ CN4	**1,621**	1,619	**1,621**	1,619
AUD	931m	ANZ CN5	**929**	928	**929**	928
AUD	1,500m	ANZ CN6	**1,489**	1,487	**1,489**	1,487
AUD	1,310m	ANZ CN7	**1,298**	1,297	**1,298**	1,297
AUD	1,500m	ANZ CN8	**1,483**	-	**1,481**	-
ANZ Capital Securities (ANZ CS)						
USD	1,000m	ANZ Capital Securities	**1,412**	1,404	**1,469**	1,447
Total ANZBGL Additional Tier 1 capital[3]			**8,232**	7,705	**8,287**	7,763

1. Carrying values are net of issuance costs.
2. All of the ANZ Capital Notes 3 were redeemed on 24 March 2023 with approximately $502 million of the proceeds from redemption reinvested into ANZ Capital Notes 8 on the same date.
3. This forms part of the Group's qualifying Additional Tier 1 capital. Refer to Note 24 Capital Management for further details.

16. DEBT ISSUANCES (continued)

ANZ Capital Notes (ANZ CN)

	CN3	CN4	CN5
Issuer	ANZBGL, acting through its New Zealand branch	ANZBGL	ANZBGL
Issue date	5 March 2015	27 September 2016	28 September 2017
Issue amount	$970 million	$1,622 million	$931 million
Face value	$100	$100	$100
Distribution frequency	Semi-annually in arrears	Quarterly in arrears	Quarterly in arrears
Distribution rate	Floating rate: (180 day Bank Bill rate +3.6%)x(1-Australian corporate tax rate)	Floating rate: (90 day Bank Bill rate +4.7%)x(1-Australian corporate tax rate)	Floating rate: (90 day Bank Bill rate +3.8%)x(1-Australian corporate tax rate)
Issuer's early redemption or conversion option	24 March 2023[1]	20 March 2024	20 March 2025
Mandatory conversion date	24 March 2025[2]	20 March 2026	20 March 2027
Common equity capital trigger event	Yes	Yes	Yes
Non-viability trigger event	Yes	Yes	Yes
Carrying value (net of issue costs)	nil (2022: $970 million)	$1,621 million (2022: $1,619 million)	$929 million (2022: $928 million)

	CN6	CN7	CN8
Issuer	ANZBGL	ANZBGL	ANZBGL
Issue date	8 July 2021	24 March 2022	24 March 2023
Issue amount	$1,500 million	$1,310 million	$1,500 million
Face value	$100	$100	$100
Distribution frequency	Quarterly in arrears	Quarterly in arrears	Quarterly in arrears
Distribution rate	Floating rate: (90 day Bank Bill rate +3.0%)x(1-Australian corporate tax rate)	Floating rate: (90 day Bank Bill rate +2.7%)x(1-Australian corporate tax rate)	Floating rate: (90 day Bank Bill rate +2.75%)x(1-Australian corporate tax rate)
Issuer's early redemption or conversion option	20 March 2028	20 March 2029	20 March 2030
Mandatory conversion date	20 September 2030	20 September 2031	20 September 2032
Common equity capital trigger event	Yes	Yes	Yes
Non-viability trigger event	Yes	Yes	Yes
Carrying value (net of issue costs)	$1,489 million (2022: $1,487 million)	$1,298 million (2022: $1,297 million)	$1,483 million (2022: nil)

1. All of the ANZ Capital Notes 3 were redeemed on 24 March 2023 with approximately $502 million of the proceeds from redemption reinvested into ANZ Capital Notes 8 on the same date.
2. The mandatory conversion date is no longer applicable as all of CN3 have been redeemed.

16. DEBT ISSUANCES (continued)

ANZ Capital Securities (ANZ CS)

Issuer	ANZBGL, acting through its London branch
Issue date	15 June 2016
Issue amount	USD 1,000 million
Face value	Minimum denomination of USD 200,000 and an integral multiple of USD 1,000 above that
Interest frequency	Semi-annually in arrears
Interest rate	Fixed at 6.75% p.a. until 15 June 2026. Reset on 15 June 2026 and each 5 year anniversary to a floating rate: 5 year USD mid-market swap rate + 5.168%
Issuer's early redemption option	15 June 2026 and each 5 year anniversary
Common equity capital trigger event	Yes
Non-viability trigger event	Yes
Carrying value (net of issue costs)	$1,412 million (2022: $1,404 million)

16. DEBT ISSUANCES (continued)

TIER 2 CAPITAL

Convertible term subordinated notes issued by ANZBGL are Basel III fully compliant instruments for APRA's capital adequacy purposes. If a Non-Viability Trigger Event occurs, each of the convertible term subordinated notes will immediately convert into ANZGHL ordinary shares (based on the average market price of the ANZGHL shares immediately prior to conversion less a 1% discount, subject to a maximum conversion number).

If the Tier 2 capital securities convert, and the holders receive ANZGHL ordinary shares, then ANZBGL shall issue ordinary shares to its parent ANZ BH Limited (based on ANZBGL's share price calculated by reference to its consolidated net assets, subject to a maximum conversion number) and ANZ BH Limited will issue shares to ANZGHL (calculated on the same basis).

The table below shows the Tier 2 capital subordinated debt issued by ANZBGL at 30 September in both the current and prior year:

					Consolidated		The Company	
Currency	Face value	Maturity	Next optional call date – subject to APRA's prior approval	Interest rate	2023 $m	2022 $m	2023 $m	2022 $m
ANZBGL Tier 2 capital (term subordinated notes)								
USD	800m	2024	N/A	Fixed	1,220	1,189	1,220	1,189
JPY	20,000m	2026	N/A	Fixed	207	213	207	213
USD	1,500m	2026	N/A	Fixed	2,125	2,113	2,125	2,113
JPY	10,000m	2028	2023	Fixed	-	106	-	106
AUD	225m	2032	2027	Fixed	225	225	225	225
AUD	1,750m	2029	2024	Floating	1,750	1,750	1,750	1,750
EUR	1,000m	2029	2024	Fixed	1,555	1,410	1,555	1,410
AUD	265m	2039	N/A	Fixed	170	179	170	179
USD	1,250m	2030	2025	Fixed	1,808	1,785	1,808	1,785
AUD	1,250m	2031	2026	Floating	1,250	1,250	1,250	1,250
USD	1,500m	2035	2030	Fixed	1,786	1,830	1,786	1,830
AUD	330m	2040	N/A	Fixed	202	214	202	214
AUD	195m	2040	N/A	Fixed	117	124	117	124
EUR	750m	2031	2026	Fixed	1,104	1,003	1,104	1,003
GBP	500m	2031	2026	Fixed	830	714	830	714
AUD	1,450m	2032	2027	Fixed	1,400	1,390	1,400	1,390
AUD	300m	2032	2027	Floating	300	300	300	300
JPY	59,400m	2032	2027	Fixed	606	627	606	627
SGD	600m	2032	2027	Fixed	659	618	659	618
AUD	900m	2034	2029	Fixed	871	867	871	867
USD	1,250m	2032	N/A	Fixed	1,803	-	1,803	-
EUR	1,000m	2033	2028	Fixed	1,594	-	1,594	-
AUD	1,000m	2038	2033	Fixed	975	-	975	-
AUD	275m	2033	2028	Fixed	275	-	275	-
AUD	875m	2033	2028	Floating	875	-	875	-
Total ANZBGL Tier 2 capital[1,2]					23,707	17,907	23,707	17,907

1. Carrying values are net of issuance costs, and, where applicable, include fair value hedge accounting adjustments.
2. This forms part of the Group's qualifying Tier 2 capital. Refer to Note 24 Capital Management for further details.

16. DEBT ISSUANCES (continued)

OTHER SUBORDINATED DEBT SECURITIES

The term subordinated notes issued by ANZ Bank New Zealand constitute tier 2 capital under RBNZ requirements. However, they do not (among other things) contain a Non-Viability Trigger Event and therefore do not meet APRA's requirements for Tier 2 capital instruments in order to qualify as regulatory capital for the Group.

					Consolidated		The Company	
Currency	Face value	Maturity	Next optional call date[1]	Interest rate	2023 $m	2022 $m	2023 $m	2022 $m
Non-Basel III compliant perpetual subordinated notes issued by ANZBGL[2]								
USD	300m	Perpetual	Each semi-annual interest payment date	Floating	**464**	462	**464**	462
Term subordinated notes issued by ANZ Bank New Zealand Limited								
NZD	600m	2031	2026	Fixed	**555**	524	**-**	-
USD	500m	2032	2027	Fixed	**720**	730	**-**	-
Other subordinated debt					**1,739**	1,716	**464**	462

1. Subject to APRA's or RBNZ's prior approval (as applicable).
2. The USD 300 million perpetual subordinated notes were redeemed by ANZBGL on 31 October 2023.

RECOGNITION AND MEASUREMENT

Debt issuances are initially recognised at fair value and are subsequently measured at amortised cost, except where designated at FVTPL. Interest expense on debt issuances is recognised using the effective interest rate method. Where the Group enters into a fair value hedge accounting relationship, the fair value attributable to the hedged risk is reflected in adjustments to the carrying value of the debt.

Subordinated debt with capital-based conversion features (i.e. Common Equity Capital Trigger Events or Non-Viability Trigger Events) are considered to contain embedded derivatives that we account for separately at FVTPL. The embedded derivatives arise because the amount of shares issued on conversion following any of those trigger events is subject to the maximum conversion number, however they have no significant value as of the reporting date given the remote nature of those trigger events.

17. FINANCIAL RISK MANAGEMENT

RISK MANAGEMENT FRAMEWORK AND MODEL

INTRODUCTION

The use of financial instruments is fundamental to the Group's businesses of providing banking and other financial services to our customers. The associated financial risks (primarily credit, market, and liquidity risks) are a significant portion of the Group's key material risks.

We disclose details of all key material risks impacting the Group, and further information on the Group's risk management activities, in the Governance and Risk Management sections of this Annual Report.

This note details the Group's financial risk management policies, processes and quantitative disclosures in relation to the key financial risks.

Key material financial risks	Key sections applicable to this risk
Credit risk 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. Credit risk incorporates the risks associated with us lending to customers who could be impacted by climate change, changes to laws, regulations, or other policies adopted by governments or regulatory authorities. Climate change impacts include both physical risks (climate- or weather-related events) and transition risks resulting from the adjustment to a low emissions economy. Transition risks include resultant changes to laws, regulations and policies noted above.	• Credit risk overview, management and control responsibilities • Maximum exposure to credit risk • Credit quality • Concentrations of credit risk • Collateral management
Market risk The risk to the Group's earnings arising from: • changes in interest rates, foreign exchange rates, credit spreads, volatility and correlations; or • fluctuations in bond, commodity or equity prices.	• Market risk overview, management and control responsibilities • Measurement of market risk • Traded and non-traded market risk • Equity securities designated at FVOCI • Foreign currency risk – structural exposure
Liquidity and funding risk The risk that the Group is unable to meet payment obligations as they fall due, including: • repaying depositors or maturing wholesale debt; or • the Group having insufficient capacity to fund increases in assets.	• Liquidity risk overview, management and control responsibilities • Key areas of measurement for liquidity risk • Liquidity risk outcomes • Residual contractual maturity analysis of the Group's liabilities

17. FINANCIAL RISK MANAGEMENT (continued)

OVERVIEW

AN OVERVIEW OF OUR RISK MANAGEMENT FRAMEWORK

This overview is provided to aid the users of the financial statements in understanding the context of the financial disclosures required under AASB 7 *Financial Instruments: Disclosures*. It should be read in conjunction with the Governance and Risk Management sections of this Annual Report.

The Board is responsible for establishing and overseeing the Group's Risk Management Framework (RMF). The Board has delegated authority to the Board Risk Committee (BRC) to develop and monitor compliance with the Group's risk management policies. The BRC reports regularly to the Board on its activities.

The Board approves the strategic objectives of the Group including:

- the Risk Appetite Statement (RAS), which sets out the Board's expectations regarding the degree of risk that the Group is prepared to accept in pursuit of its strategic objectives and business plan; and
- the Risk Management Strategy (RMS), which describes the Group's strategy for managing risks and the key elements of the RMF that give effect to this strategy. This includes a description of each material risk, and an overview of how the RMF addresses each risk, with reference to the relevant policies, standards and procedures. It also includes information on how the Group identifies, measures, evaluates, monitors, reports and controls or mitigates material risks.

The Group, through its training and management standards and procedures, aims to maintain a disciplined and robust control environment in which all employees understand their roles and obligations. At ANZ, risk is everyone's responsibility.

The Group has an independent risk management function, headed by the Chief Risk Officer who:

- is responsible for overseeing the risk profile and the risk management framework;
- can effectively challenge activities and decisions that materially affect the Group's risk profile; and
- has an independent reporting line to the BRC to enable the appropriate escalation of issues of concern.

The Internal Audit Function reports directly to the Board Audit Committee (BAC). Internal Audit provides:

- an independent evaluation of the Group's RMF annually that seeks to ensure compliance with, and the effectiveness of, the risk management framework;
- facilitation of a comprehensive review every three years that seeks to ensure the appropriateness, effectiveness and adequacy of the risk management framework; and
- recommendations to improve the framework and/or work practices to strengthen the effectiveness of day-to-day operations.

17. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK

CREDIT RISK OVERVIEW, MANAGEMENT AND CONTROL RESPONSIBILITIES

Granting credit facilities to customers is one of the Group's major sources of income. As this activity is also a principal risk, the Group dedicates considerable resources to its management. The Group assumes credit risk in a wide range of lending and other activities in diverse markets and in many jurisdictions. Credit risks arise from traditional lending to customers as well as from interbank, treasury, trade finance and capital markets activities around the world.

Our credit risk management framework ensures we apply a consistent approach across the Group when we measure, monitor and manage the credit risk appetite set by the Board. The Board is assisted and advised by the BRC in discharging its duty to oversee credit risk. The BRC:

- sets the credit risk appetite and credit strategies; and
- approves credit transactions beyond the discretion of executive management.

We quantify credit risk through an internal credit rating system (masterscales) to ensure consistency across exposure types and to provide a consistent framework for reporting and analysis. The system uses models and other tools to measure the following for customer exposures:

Probability of Default (PD)	Expressed by a Customer Credit Rating (CCR), reflecting the Group's assessment of a customer's ability to service and repay debt.
Exposure at Default (EAD)	The expected balance sheet exposure at default taking into account repayments of principal and interest, expected additional drawdowns and accrued interest at the time of default.
Loss Given Default (LGD)	Expressed by a Security Indicator (SI) ranging from A to G. The SI is calculated by reference to the percentage of loan covered by security which the Group can realise if a customer defaults. The A-G scale is supplemented by a range of other SIs which cover factors such as cash cover and sovereign backing. For retail and some small business lending, we group exposures into large homogenous pools – and the LGD is assigned at the pool level.

Our specialist credit risk teams develop and validate the Group's PD and LGD rating models. The outputs from these models drive our day-to-day credit risk management decisions including origination, pricing, approval levels, regulatory capital adequacy, economic capital allocation, and credit provisioning.

All customers with whom the Group has a credit relationship are assigned a CCR at origination via either of the following assessment approaches:

Large and more complex lending	Retail and some small business lending
Rating models provide a consistent and structured assessment, with judgement required around the use of out-of-model factors. We handle credit approval on a dual approval basis, jointly with the business writer and an independent credit officer.	Automated assessment of credit applications using a combination of scoring (application and behavioural), policy rules and external credit reporting information. If the application does not meet the automated assessment criteria, then it is subject to manual assessment.

We use the Group's internal CCRs to manage the credit quality of financial assets. To enable wider comparisons, the Group's CCRs are mapped to external rating agency scales as follows:

Credit Quality Description	Internal CCR	ANZ Customer Requirements	Moody's Rating	S&P Global Ratings
Strong	CCR 0+ to 4-	Demonstrated superior stability in their operating and financial performance over the long-term, and whose earnings capacity is not significantly vulnerable to foreseeable events.	Aaa – Baa3	AAA – BBB-
Satisfactory	CCR 5+ to 6-	Demonstrated sound operational and financial stability over the medium to long-term, even though some may be susceptible to cyclical trends or variability in earnings.	Ba1 – B1	BB+ – B+
Weak	CCR 7+ to 8=	Demonstrated some operational and financial instability, with variability and uncertainty in profitability and liquidity projected to continue over the short and possibly medium term.	B2 - Caa	B - CCC
Defaulted	CCR 8- to 10	When doubt arises as to the collectability of a credit facility, the financial instrument (or 'the facility') is classified as defaulted.	N/A	N/A

17. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK (continued)

MAXIMUM EXPOSURE TO CREDIT RISK

For financial assets recognised on the balance sheet, the maximum exposure to credit risk is the carrying amount. In certain circumstances there may be differences between the carrying amounts reported on the balance sheet and the amounts reported in the tables below. Principally, these differences arise in respect of financial assets that are subject to risks other than credit risk, such as equity instruments which are primarily subject to market risk, or bank notes and coins.

For undrawn facilities, this maximum exposure to credit risk is the full amount of the committed facilities. For contingent exposures, the maximum exposure to credit risk is the maximum amount the Group would have to pay if the instrument is called upon.

The table below shows our maximum exposure to credit risk of on-balance sheet and off-balance sheet positions before taking account of any collateral held or other credit enhancements.

	Reported		Excluded[1]		Maximum exposure to credit risk	
Consolidated	2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m
On-balance sheet positions						
Net loans and advances	**707,694**	672,407	**-**	-	**707,694**	672,407
Other financial assets:						
Cash and cash equivalents	**168,154**	168,132	**1,070**	1,147	**167,084**	166,985
Settlement balances owed to ANZ	**9,349**	4,762	**9,349**	4,762	**-**	-
Collateral paid	**8,558**	12,700	**-**	-	**8,558**	12,700
Trading assets	**37,004**	35,237	**4,881**	3,860	**32,123**	31,377
Derivative financial instruments	**60,406**	90,174	**-**	-	**60,406**	90,174
Investment securities						
- debt securities at amortised cost	**7,752**	7,943	**-**	-	**7,752**	7,943
- debt securities at FVOCI	**88,271**	76,817	**-**	-	**88,271**	76,817
- equity securities at FVOCI	**946**	1,353	**946**	1,353	**-**	-
- debt securities at FVTPL	**-**	40	**-**	-	**-**	40
Regulatory deposits	**646**	632	**-**	-	**646**	632
Other financial assets[2]	**4,378**	2,943	**-**	-	**4,378**	2,943
Total other financial assets	**385,464**	400,733	**16,246**	11,122	**369,218**	389,611
Subtotal	**1,093,158**	1,073,140	**16,246**	11,122	**1,076,912**	1,062,018
Off-balance sheet positions						
Undrawn and contingent facilities[3]	**290,055**	285,041	**-**	-	**290,055**	285,041
Total	**1,383,213**	1,358,181	**16,246**	11,122	**1,366,967**	1,347,059

1. Coins, notes and cash at bank within Cash and cash equivalents; Trade dated assets within Settlement balances owed to ANZ; precious metal exposures and carbon credits within Trading assets; and Equity securities within Investment securities were excluded as they do not have credit risk exposure.
2. Other financial assets mainly comprise accrued interest and acceptances.
3. Undrawn and contingent facilities include guarantees, letters of credit and performance related contingencies, net of collectively assessed and individually assessed allowance for expected credit losses.

17. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK (continued)

The Company	Reported 2023 $m	Reported 2022 $m	Excluded[1] 2023 $m	Excluded[1] 2022 $m	Maximum exposure to credit risk 2023 $m	Maximum exposure to credit risk 2022 $m
On-balance sheet positions						
Net loans and advances	563,017	537,345	-	-	563,017	537,345
Other financial assets:						
Cash and cash equivalents	154,408	155,483	667	787	153,741	154,696
Settlement balances owed to ANZ	8,935	4,024	8,935	4,024	-	-
Collateral paid	7,717	11,368	-	-	7,717	11,368
Trading assets	30,693	28,073	4,472	3,348	26,221	24,725
Derivative financial instruments	59,989	88,056	-	-	59,989	88,056
Investment securities						
- debt securities at amortised cost	5,936	6,115	-	-	5,936	6,115
- debt securities at FVOCI	76,320	65,257	-	-	76,320	65,257
- equity securities at FVOCI	945	1,027	945	1,027	-	-
Regulatory deposits	284	249	-	-	284	249
Due from controlled entities	26,067	22,860	-	-	26,067	22,860
Other financial assets[2]	3,024	1,882	-	-	3,024	1,882
Total other financial assets	374,318	384,394	15,019	9,186	359,299	375,208
Subtotal	937,335	921,739	15,019	9,186	922,316	912,553
Off-balance sheet positions						
Undrawn and contingent facilities[3]	252,415	246,722	-	-	252,415	246,722
Total	1,189,750	1,168,461	15,019	9,186	1,174,731	1,159,275

1. Coins, notes and cash at bank within Cash and cash equivalents; Trade dated assets within Settlement balances owed to ANZ; precious metal exposures, and carbon credits within Trading assets; and Equity securities within Investment securities were excluded as they do not have credit risk exposure.
2. Other financial assets mainly comprise accrued interest and acceptances.
3. Undrawn and contingent facilities include guarantees, letters of credit and performance related contingencies, net of collectively assessed and individually assessed allowance for expected credit losses.

17. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK (continued)

CREDIT QUALITY

An analysis of the Group's credit risk exposure is presented in the following tables based on the Group's internal credit quality rating by stage without taking account of the effects of any collateral or other credit enhancements:

Net loans and advances

			Stage 3		
Consolidated	Stage 1 $m	Stage 2 $m	Collectively assessed $m	Individually assessed $m	Total $m
As at 30 September 2023					
Strong	411,583	17,063	-	-	428,646
Satisfactory	193,170	37,977	-	-	231,147
Weak	11,306	10,398	-	-	21,704
Defaulted	-	-	3,858	1,037	4,895
Gross loans and advances at amortised cost	616,059	65,438	3,858	1,037	686,392
Allowance for ECL	(1,227)	(1,624)	(329)	(366)	(3,546)
Net loans and advances at amortised cost	614,832	63,814	3,529	671	682,846
Coverage ratio	0.20%	2.48%	8.53%	35.29%	0.52%
Loans and advances at FVTPL					21,888
Unearned income					(515)
Capitalised brokerage and other origination costs					3,475
Net carrying amount					707,694
As at 30 September 2022					
Strong	443,571	15,880	-	-	459,451
Satisfactory	154,823	31,864	-	-	186,687
Weak	9,197	9,244	-	-	18,441
Defaulted	-	-	3,328	1,043	4,371
Gross loans and advances at amortised cost	607,591	56,988	3,328	1,043	668,950
Allowance for ECL	(1,141)	(1,548)	(360)	(533)	(3,582)
Net loans and advances at amortised cost	606,450	55,440	2,968	510	665,368
Coverage ratio	0.19%	2.72%	10.82%	51.10%	0.54%
Loans and advances at FVTPL					4,675
Unearned income					(518)
Capitalised brokerage and other origination costs					2,882
Net carrying amount					672,407

17. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK (continued)

Net loans and advances

The Company	Stage 1 $m	Stage 2 $m	Stage 3 Collectively assessed $m	Stage 3 Individually assessed $m	Total $m
As at 30 September 2023					
Strong	315,206	11,682	-	-	326,888
Satisfactory	160,357	31,769	-	-	192,126
Weak	10,906	8,362	-	-	19,268
Defaulted	-	-	2,994	731	3,725
Gross loans and advances at amortised cost	486,469	51,813	2,994	731	542,007
Allowance for ECL	(1,026)	(1,239)	(251)	(279)	(2,795)
Net loans and advances at amortised cost	485,443	50,574	2,743	452	539,212
Coverage ratio	0.21%	2.39%	8.38%	38.17%	0.52%
Loans and advances at FVTPL					21,240
Unearned income					(483)
Capitalised brokerage and other origination costs					3,048
Net carrying amount					563,017
As at 30 September 2022					
Strong	334,850	9,641	-	-	344,491
Satisfactory	142,772	26,186	-	-	168,958
Weak	9,181	7,759	-	-	16,940
Defaulted	-	-	2,744	853	3,597
Gross loans and advances at amortised cost	486,803	43,586	2,744	853	533,986
Allowance for ECL	(946)	(1,259)	(295)	(425)	(2,925)
Net loans and advances at amortised cost	485,857	42,327	2,449	428	531,061
Coverage ratio	0.19%	2.89%	10.75%	49.82%	0.55%
Loans and advances at FVTPL					4,263
Unearned income					(480)
Capitalised brokerage and other origination costs					2,501
Net carrying amount					537,345

17. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK (continued)

Off-balance sheet commitments - undrawn and contingent facilities

Consolidated	Stage 1 $m	Stage 2 $m	Stage 3 Collectively assessed $m	Stage 3 Individually assessed $m	Total $m
As at 30 September 2023					
Strong	189,980	1,234	-	-	191,214
Satisfactory	30,007	4,276	-	-	34,283
Weak	975	746	-	-	1,721
Defaulted	-	-	79	47	126
Gross undrawn and contingent facilities subject to ECL	220,962	6,256	79	47	227,344
Allowance for ECL included in Other provisions (refer to Note 22)	(630)	(162)	(25)	(10)	(827)
Net undrawn and contingent facilities subject to ECL	220,332	6,094	54	37	226,517
Coverage ratio	0.29%	2.59%	31.65%	21.28%	0.36%
Undrawn and contingent facilities not subject to ECL[1]					63,538
Net undrawn and contingent facilities					290,055
As at 30 September 2022					
Strong	191,363	1,703	-	-	193,066
Satisfactory	18,583	3,078	-	-	21,661
Weak	774	706	-	-	1,480
Defaulted	-	-	113	19	132
Gross undrawn and contingent facilities subject to ECL	210,720	5,487	113	19	216,339
Allowance for ECL included in Other provisions (refer to Note 22)	(593)	(144)	(29)	(9)	(775)
Net undrawn and contingent facilities subject to ECL	210,127	5,343	84	10	215,564
Coverage ratio	0.28%	2.62%	25.66%	47.37%	0.36%
Undrawn and contingent facilities not subject to ECL[1]					69,477
Net undrawn and contingent facilities					285,041

1. Commitments that can be unconditionally cancelled at any time without notice.

17. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK (continued)

Off-balance sheet commitments - undrawn and contingent facilities

The Company	Stage 1 $m	Stage 2 $m	Stage 3 Collectively assessed $m	Stage 3 Individually assessed $m	Total $m
As at 30 September 2023					
Strong	167,251	1,065	-	-	168,316
Satisfactory	25,966	3,554	-	-	29,520
Weak	753	466	-	-	1,219
Defaulted	-	-	64	35	99
Gross undrawn and contingent facilities subject to ECL	193,970	5,085	64	35	199,154
Allowance for ECL included in Other provisions (refer to Note 22)	(550)	(121)	(21)	(5)	(697)
Net undrawn and contingent facilities subject to ECL	193,420	4,964	43	30	198,457
Coverage ratio	0.28%	2.38%	32.81%	14.29%	0.35%
Undrawn and contingent facilities not subject to ECL[1]					53,958
Net undrawn and contingent facilities					252,415
As at 30 September 2022					
Strong	185,979	1,725	-	-	187,704
Satisfactory	15,496	2,306	-	-	17,802
Weak	711	463	-	-	1,174
Defaulted	-	-	97	13	110
Gross undrawn and contingent facilities subject to ECL	202,186	4,494	97	13	206,790
Allowance for ECL included in Other provisions (refer to Note 22)	(530)	(112)	(26)	(5)	(673)
Net undrawn and contingent facilities subject to ECL	201,656	4,382	71	8	206,117
Coverage ratio	0.26%	2.49%	26.80%	38.46%	0.33%
Undrawn and contingent facilities not subject to ECL[1]					40,605
Net undrawn and contingent facilities					246,722

1. Commitments that can be unconditionally cancelled at any time without notice.

17. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK (continued)

Investment securities - debt securities at amortised cost

Consolidated	Stage 1 $m	Stage 2 $m	Stage 3 Collectively assessed $m	Stage 3 Individually assessed $m	Total $m
As at 30 September 2023					
Strong	6,117	-	-	-	6,117
Satisfactory	112	-	-	-	112
Weak	1,558	-	-	-	1,558
Gross investment securities - debt securities at amortised cost	7,787	-	-	-	7,787
Allowance for ECL	(35)	-	-	-	(35)
Net investment securities - debt securities at amortised cost	7,752	-	-	-	7,752
Coverage ratio	0.45%	-	-	-	0.45%
As at 30 September 2022					
Strong	6,279	-	-	-	6,279
Satisfactory	113	-	-	-	113
Weak	1,589	-	-	-	1589
Gross investment securities - debt securities at amortised cost	7,981	-	-	-	7,981
Allowance for ECL	(38)	-	-	-	(38)
Net investment securities - debt securities at amortised cost	7,943	-	-	-	7,943
Coverage ratio	0.48%	-	-	-	0.48%

The Company	Stage 1 $m	Stage 2 $m	Stage 3 Collectively assessed $m	Stage 3 Individually assessed $m	Total $m
As at 30 September 2023					
Strong	5,796	-	-	-	5,796
Satisfactory	97	-	-	-	97
Weak	44	-	-	-	44
Gross investment securities - debt securities at amortised cost	5,937	-	-	-	5,937
Allowance for ECL	(1)	-	-	-	(1)
Net investment securities - debt securities at amortised cost	5,936	-	-	-	5,936
Coverage ratio	0.02%	-	-	-	0.02%
As at 30 September 2022					
Strong	6,032	-	-	-	6,032
Satisfactory	84	-	-	-	84
Gross investment securities - debt securities at amortised cost	6,116	-	-	-	6,116
Allowance for ECL	(1)	-	-	-	(1)
Net investment securities - debt securities at amortised cost	6,115	-	-	-	6,115
Coverage ratio	0.02%	-	-	-	0.02%

17. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK (continued)

Investment securities - debt securities at FVOCI

Consolidated	Stage 1 $m	Stage 2 $m	Stage 3 Collectively assessed $m	Stage 3 Individually assessed $m	Total $m
As at 30 September 2023					
Strong	88,271	-	-	-	88,271
Satisfactory	-	-	-		-
Investment securities - debt securities at FVOCI	88,271	-	-	-	88,271
Allowance for ECL recognised in Other comprehensive income	(15)	-	-	-	(15)
Coverage ratio	0.02%	-	-	-	0.02%
As at 30 September 2022					
Strong	76,668	-	-	-	76,668
Satisfactory	149	-	-	-	149
Investment securities - debt securities at FVOCI	76,817	-	-	-	76,817
Allowance for ECL recognised in Other comprehensive income	(10)	-	-	-	(10)
Coverage ratio	0.01%	-	-	-	0.01%

The Company	Stage 1 $m	Stage 2 $m	Stage 3 Collectively assessed $m	Stage 3 Individually assessed $m	Total $m
As at 30 September 2023					
Strong	76,320	-	-	-	76,320
Satisfactory	-	-	-	-	-
Investment securities - debt securities at FVOCI	76,320	-	-	-	76,320
Allowance for ECL recognised in Other comprehensive income	(12)	-	-	-	(12)
Coverage ratio	0.02%	-	-	-	0.02%
As at 30 September 2022					
Strong	65,257	-	-	-	65,257
Satisfactory	-	-	-	-	-
Investment securities - debt securities at FVOCI	65,257	-	-	-	65,257
Allowance for ECL recognised in Other comprehensive income	(7)	-	-	-	(7)
Coverage ratio	0.01%	-	-	-	0.01%

17. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK (continued)

Other financial assets

	Consolidated 2023 $m	Consolidated 2022 $m	The Company 2023 $m	The Company 2022 $m
Strong	270,012	301,735	274,741	301,771
Satisfactory[1]	2,579	2,164	2,022	1,707
Weak	604	945	280	351
Defaulted	-	7	-	7
Total carrying amount	273,195	304,851	277,043	303,836

1. Includes Investment Securities - debt securities at FVTPL of $nil (2022: $40 million) for the Group and $nil (2022: $nil) for the Company..

CONCENTRATIONS OF CREDIT RISK

Credit risk becomes concentrated when a number of customers are engaged in similar activities, have similar economic characteristics, or have similar activities within the same geographic region – therefore, they may be similarly affected by changes in economic or other conditions. The Group monitors its credit portfolio to manage risk concentration and rebalance the portfolio. The Group also applies single customer counterparty limits to protect against unacceptably large exposures to one single customer.

Composition of financial instruments that give rise to credit risk by industry group are presented below:

Consolidated	Loans and advances 2023 $m	Loans and advances 2022 $m	Other financial assets 2023 $m	Other financial assets 2022 $m	Off-balance sheet credit related commitments 2023 $m	Off-balance sheet credit related commitments 2022 $m	Total 2023 $m	Total 2022 $m
Agriculture, forestry, fishing and mining	35,797	33,668	612	781	16,707	17,694	53,116	52,143
Business services	8,138	9,252	207	242	7,003	6,245	15,348	15,739
Construction	5,506	6,155	36	48	7,212	6,594	12,754	12,797
Electricity, gas and water supply	8,626	9,650	463	790	11,837	9,865	20,926	20,305
Entertainment, leisure and tourism	13,486	12,886	78	89	3,889	3,691	17,453	16,666
Financial, investment and insurance	77,454	75,118	278,218	305,148	62,409	58,075	418,081	438,341
Government and official institutions	8,300	7,280	80,544	71,139	1,075	1,592	89,919	80,011
Manufacturing	30,261	28,072	1,287	1,279	47,302	46,701	78,850	76,052
Personal lending	392,702	363,539	1,394	955	59,185	57,989	453,281	422,483
Property services	58,064	55,203	439	606	17,503	17,862	76,006	73,671
Retail trade	12,900	11,648	113	98	8,131	7,076	21,144	18,822
Transport and storage	12,110	12,311	369	327	9,215	8,423	21,694	21,061
Wholesale trade	12,538	15,215	660	1,235	25,783	28,042	38,981	44,492
Other	32,398	33,628	4,833	6,912	13,631	15,967	50,862	56,507
Gross total	708,280	673,625	369,253	389,649	290,882	285,816	1,368,415	1,349,090
Allowance for ECL	(3,546)	(3,582)	(35)	(38)	(827)	(775)	(4,408)	(4,395)
Subtotal	704,734	670,043	369,218	389,611	290,055	285,041	1,364,007	1,344,695
Unearned income	(515)	(518)	-	-	-	-	(515)	(518)
Capitalised brokerage and other origination costs	3,475	2,882	-	-	-	-	3,475	2,882
Maximum exposure to credit risk	707,694	672,407	369,218	389,611	290,055	285,041	1,366,967	1,347,059

17. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK (continued)

Composition of financial instruments that give rise to credit risk by industry group are presented below:

	Loans and advances		Other financial assets		Off-balance sheet credit related commitments		Total	
The Company	2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m
Agriculture, forestry, fishing and mining	20,622	19,065	586	751	15,198	16,304	36,406	36,120
Business services	7,165	8,382	183	202	6,237	5,517	13,585	14,101
Construction	4,545	5,004	30	42	6,038	5,376	10,613	10,422
Electricity, gas and water supply	7,956	8,820	302	533	10,409	8,526	18,667	17,879
Entertainment, leisure and tourism	11,721	11,267	67	58	3,390	3,192	15,178	14,517
Financial, investment and insurance	74,836	71,889	282,701	306,318	58,806	53,970	416,343	432,177
Government and official institutions	8,294	7,272	68,361	58,342	384	910	77,039	66,524
Manufacturing	26,394	24,645	935	664	40,027	39,279	67,356	64,588
Personal lending	303,801	282,095	1,347	912	47,961	47,596	353,109	330,603
Property services	44,903	42,592	368	531	15,794	15,640	61,065	58,763
Retail trade	11,099	10,048	85	74	7,342	6,279	18,526	16,401
Transport and storage	10,968	11,231	288	270	8,331	7,252	19,587	18,753
Wholesale trade	10,320	13,055	480	791	22,385	24,185	33,185	38,031
Other	20,623	22,884	3,567	5,721	10,810	13,369	35,000	41,974
Gross total	563,247	538,249	359,300	375,209	253,112	247,395	1,175,659	1,160,853
Allowance for ECL	(2,795)	(2,925)	(1)	(1)	(697)	(673)	(3,493)	(3,599)
Subtotal	560,452	535,324	359,299	375,208	252,415	246,722	1,172,166	1,157,254
Unearned income	(483)	(480)	-	-	-	-	(483)	(480)
Capitalised brokerage and other origination costs	3,048	2,501	-	-	-	-	3,048	2,501
Maximum exposure to credit risk	563,017	537,345	359,299	375,208	252,415	246,722	1,174,731	1,159,275

COLLATERAL MANAGEMENT

We use collateral for on and off-balance sheet exposures to mitigate credit risk if a counterparty cannot meet its repayment obligations. Where there is sufficient collateral, an expected credit loss is not recognised. This is largely the case for certain lending products, such as margin loans and reverse repurchase agreements that are secured by the securities purchased using the lending. For some products, the collateral provided by customers is fundamental to the product's structuring, so it is not strictly the secondary source of repayment - for example, lending secured by trade receivables is typically repaid by the collection of those receivables. During the period there was no change in our collateral policies.

17. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK (continued)

The nature of collateral or security held for the relevant classes of financial assets is as follows:

Net loans and advances	
Loans - housing and personal	Housing loans are secured by mortgage(s) over property and additional security may take the form of guarantees and deposits. Personal lending (including credit cards and overdrafts) is predominantly unsecured. If we take security, then it is restricted to eligible vehicles, motor homes and other assets.
Loans - business	Business loans may be secured, partially secured or unsecured. Typically, we take security by way of a mortgage over property and/or a charge over the business or other assets. If appropriate, we may take other security to mitigate the credit risk, such as guarantees, standby letters of credit or derivative protection.
Other financial assets	
Trading assets, Investment securities, Derivatives and Other financial assets	For trading assets, we do not seek collateral directly from the issuer or counterparty. However, the collateral may be implicit in the terms of the instrument (for example, with an asset-backed security). The terms of debt securities may include collateralisation. For derivatives, we typically terminate all contracts with the counterparty and settle on a net basis at market levels current at the time of a counterparty default under International Swaps and Derivatives Association (ISDA) Master Agreements. Our preferred practice is to use a Credit Support Annex (CSA) to the ISDA so that open derivative positions with the counterparty are aggregated and cash collateral (or other forms of eligible collateral) is exchanged daily. The collateral is provided by the counterparty when their position is out of the money (or provided to the counterparty by ANZ when our position is out of the money).
Off-balance sheet positions	
Undrawn and contingent facilities	Collateral for off-balance sheet positions is mainly held against undrawn facilities, and they are typically performance bonds or guarantees. Undrawn facilities that are secured include housing loans secured by mortgages over residential property and business lending secured by commercial real estate and/or charges over business assets.

The table below shows the estimated value of collateral we hold and the net unsecured portion of credit exposures:

	Maximum exposure to credit risk		Total value of collateral		Unsecured portion of credit exposure	
Consolidated	2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m
Net loans and advances	707,694	672,407	569,283	531,815	138,411	140,592
Other financial assets	369,218	389,611	38,612	24,758	330,606	364,853
Off-balance sheet positions	290,055	285,041	65,723	60,544	224,332	224,497
Total	1,366,967	1,347,059	673,618	617,117	693,349	729,942

	Maximum exposure to credit risk		Total value of collateral		Unsecured portion of credit exposure	
The Company	2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m
Net loans and advances	563,017	537,345	436,544	407,610	126,473	129,735
Other financial assets	359,299	375,208	35,542	19,492	323,757	355,716
Off-balance sheet positions	252,415	246,722	50,880	38,618	201,535	208,104
Total	1,174,731	1,159,275	522,966	465,720	651,765	693,555

17. FINANCIAL RISK MANAGEMENT (continued)

MARKET RISK

MARKET RISK OVERVIEW, MANAGEMENT AND CONTROL RESPONSIBILITIES

Market risk stems from the Group's trading and balance sheet management activities and the impact of changes and correlations between interest rates, foreign exchange rates, credit spreads, commodities, equities and the volatility within these asset classes.

The BRC delegates responsibility for day-to-day management of both market risks and compliance with market risk policies to the Credit and Market Risk Committee (CMRC) and the Group Asset and Liability Committee (GALCO).

Within overall strategies and policies established by the BRC, business units and risk management have joint responsibility for the control of market risk at the Group level. The Market Risk team (a specialist risk management unit independent of the business) allocates market risk limits at various levels and monitors and reports on them daily. This detailed framework allocates individual limits to manage and control exposures using risk factors and profit and loss limits.

Management, measurement and reporting of market risk is undertaken in two broad categories:

Traded Market Risk	Non-Traded Market Risk
Risk of loss from changes in the value of financial instruments due to movements in price factors for both physical and derivative trading positions. Principal risk categories monitored are: 1. Currency risk – potential loss arising from changes in foreign exchange rates or their implied volatilities. 2. Interest rate risk – potential loss from changes in market interest rates or their implied volatilities. 3. Credit spread risk – potential loss arising from a movement in margin or spread relative to a benchmark. 4. Commodity risk – potential loss arising from changes in commodity prices or their implied volatilities. 5. Equity risk – potential loss arising from changes in equity prices.	Risk of loss associated with the management of non-traded interest rate risk, liquidity risk and foreign exchange exposures. This includes interest rate risk in the banking book. This risk of loss arises 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.

MEASUREMENT OF MARKET RISK

We primarily manage and control market risk using Value at Risk (VaR), sensitivity analysis and stress testing.

VaR measures the Group's possible daily loss based on historical market movements. The Group's VaR approach for both traded and non-traded risk is historical simulation. We use historical changes in market rates, prices and volatilities over a 500 business day window using a one-day holding period. Back testing is used to ensure our VaR models remain accurate.

ANZ measures VaR at a 99% confidence interval which means there is a 99% chance that a loss will not exceed the VaR for the relevant holding period.

17. FINANCIAL RISK MANAGEMENT (continued)

MARKET RISK (continued)

TRADED AND NON-TRADED MARKET RISK

Traded market risk

The table below shows the traded market risk VaR on a diversified basis by risk categories:

	2023				2022			
Consolidated	As at $m	High for year $m	Low for year $m	Average for year $m	As at $m	High for year $m	Low for year $m	Average for year $m
Traded value at risk 99% confidence								
Foreign exchange	2.8	6.2	1.6	3.0	1.8	4.8	1.1	2.4
Interest rate	6.7	18.3	5.1	8.5	7.9	22.7	5.0	9.5
Credit	5.9	7.7	2.5	4.5	2.6	11.8	1.6	4.9
Commodities	4.0	6.6	1.8	3.0	4.3	7.0	1.4	2.9
Equity	-	-	-	-	-	-	-	-
Diversification benefit[1]	(9.7)	n/a	n/a	(8.1)	(7.2)	n/a	n/a	(7.1)
Total VaR	9.7	18.2	7.2	10.9	9.4	26.9	5.6	12.6

	2023				2022			
The Company	As at $m	High for year $m	Low for year $m	Average for year $m	As at $m	High for year $m	Low for year $m	Average for year $m
Traded value at risk 99% confidence								
Foreign exchange	2.6	6.0	1.5	2.8	2.0	5.1	0.9	2.4
Interest rate	6.3	15.5	4.8	8.0	6.7	18.6	4.9	8.8
Credit	5.6	7.1	1.9	4.3	2.0	11.9	1.3	4.7
Commodity	2.1	4.5	1.1	2.7	1.4	7.2	0.9	2.8
Equity	-	-	-	-	-	-	-	-
Diversification benefit[1]	(8.6)	n/a	n/a	(7.8)	(4.2)	n/a	n/a	(7.4)
Total VaR	8.0	16.2	6.7	10.0	7.9	23.4	5.4	11.3

1. The diversification benefit reflects risks that offset across categories. The high and low VaR figures reported for each factor did not necessarily occur on the same day as the high and low VaR reported for the Group as a whole. Consequently, a diversification benefit for high and low would not be meaningful and is therefore omitted from the table.

17. FINANCIAL RISK MANAGEMENT (continued)

MARKET RISK (continued)

Non-traded market risk

Balance sheet risk management

The principal objectives of balance sheet risk management are to maintain acceptable levels of interest rate and liquidity risk to mitigate the negative impact of movements in interest rates on the earnings and market value of the Group's banking book, while ensuring the Group maintains sufficient liquidity to meet its obligations as they fall due.

Interest rate risk management

Non-traded interest rate risk relates to the potential adverse impact of changes in market interest rates on the Group's future Net interest income. This risk arises from two principal sources, namely mismatches between the repricing dates of interest bearing assets and liabilities; and the investment of capital and other non-interest bearing liabilities and assets. Interest rate risk is reported using VaR and scenario analysis (based on the impact of a 1% rate shock). The table below shows VaR figures for non-traded interest rate risk for the combined Group as well as Australia, New Zealand and Rest of World geographies which are calculated separately.

	2023				2022			
Consolidated	As at $m	High for year $m	Low for year $m	Average for year $m	As at $m	High for year $m	Low for year $m	Average for year $m
Non-traded value at risk 99% confidence								
Australia	81.2	93.2	72.0	82.2	78.5	93.4	63.0	76.1
New Zealand	35.3	35.3	26.1	31.1	25.4	27.1	20.2	23.9
Rest of World	32.2	32.8	23.2	27.9	21.7	38.0	16.8	25.8
Diversification benefit[1]	(52.6)	n/a	n/a	(45.6)	(38.1)	n/a	n/a	(33.7)
Total VaR	96.1	101.5	86.4	95.6	87.5	104.9	66.8	92.1

	2023				2022			
The Company	As at $m	High for year $m	Low for year $m	Average for year $m	As at $m	High for year $m	Low for year $m	Average for year $m
Non-traded value at risk 99% confidence								
Australia	81.2	93.2	72.0	82.2	78.5	93.4	63.0	76.1
New Zealand	-	0.1	-	-	0.0	0.1	0.0	0.0
Rest of World	34.0	34.5	23.7	28.4	22.1	37.7	16.7	25.6
Diversification benefit[1]	(30.5)	n/a	n/a	(26.6)	(17.1)	n/a	n/a	(20.2)
Total VaR	84.7	92.4	76.4	84.0	83.5	94.5	62.9	81.5

1. The diversification benefit reflects risks that offset across categories. The high and low VaR figures reported for each factor did not necessarily occur on the same day as the high and low VaR reported for the Group as a whole. Consequently, a diversification benefit for high and low would not be meaningful and is therefore omitted from the table.

17. FINANCIAL RISK MANAGEMENT (continued)

MARKET RISK (continued)

We undertake scenario analysis to stress test the impact of extreme events on the Group's market risk exposures. We model a 1% overnight parallel positive shift in the yield curve to determine the potential impact on our Net interest income over the next 12 months. This is a standard risk measure which assumes the parallel shift is reflected in all wholesale and customer rates.

The table below shows the outcome of this risk measure for the current and previous financial years, expressed as a percentage of reported Net interest income.

	Consolidated		The Company	
	2023	2022	2023	2022
Impact of 1% rate shock on the next 12 months' net interest income				
As at period end	0.96%	1.29%	0.73%	0.90%
Maximum exposure	1.17%	2.08%	0.90%	1.65%
Minimum exposure	0.38%	1.15%	0.02%	0.71%
Average exposure (in absolute terms)	0.80%	1.56%	0.56%	1.11%

EQUITY SECURITIES DESIGNATED AT FVOCI

Our investment securities contain equity investment holdings which predominantly comprises Bank of Tianjin. The market risk impact on these equity investments is not captured by the Group's VaR processes for traded and non-traded market risks. Therefore, the Group regularly reviews the valuations of the investments within the portfolio and assesses whether the investments are appropriately measured based on the recognition and measurement policies set out in Note 11 Investment Securities.

FOREIGN CURRENCY RISK – STRUCTURAL EXPOSURES

Our investment of capital in foreign operations - for example, branches, subsidiaries or associates with functional currencies other than the Australian Dollar - exposes the Group to the risk of changes in foreign exchange rates. Variations in the value of these foreign operations arising as a result of exchange differences are reflected in the foreign currency translation reserve in equity. Where considered appropriate, the Group enters into hedges of the foreign exchange exposures from its foreign operations.

Similarly, the Group may enter into economic hedges against larger foreign exchange denominated revenue streams (primarily New Zealand Dollar, US Dollar and US Dollar correlated). The primary objective of hedging is to ensure that, if practical, the effect of changes in foreign exchange rates on the consolidated capital ratios are minimised.

17. FINANCIAL RISK MANAGEMENT (continued)

LIQUIDITY AND FUNDING 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 principles approved by the BRC and include:

- maintaining the ability to meet all payment obligations in the immediate term;
- ensuring that the Group has the ability to meet 'survival horizons' under a range of ANZ specific, and general market, liquidity stress scenarios, at a country and Group-wide level, to meet cash flow obligations over the short to medium term;
- maintaining strength in the Group's balance sheet structure to ensure long term resilience in the liquidity and funding risk profile;
- ensuring the liquidity management framework is compatible with local regulatory requirements;
- preparing daily liquidity reports and scenario analysis to quantify the Group's positions;
- targeting a diversified funding base to avoid undue concentrations by investor type, maturity, market source and currency;
- holding a portfolio of high quality liquid assets to protect against adverse funding conditions and to support day-to-day operations; and
- establishing detailed contingency plans to cover different liquidity crisis events.

Following the Restructure on 3 January 2023, the Group has operated 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.

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

KEY AREAS OF MEASUREMENT FOR LIQUIDITY RISK

Scenario modelling of funding sources

Group's liquidity risk appetite is defined by a range of regulatory and internal liquidity metrics mandated by the ANZBGL Board. The metrics cover a range of scenarios of varying duration and level of severity.

The objective of this framework is to:

- Provide protection against shorter term extreme market dislocation and stress.
- Maintain structural strength in the balance sheet by ensuring that an appropriate amount of longer-term assets are funded with longer-term funding.
- Ensure that no undue timing concentrations exist in the Group's funding profile.

Key components of this framework are the Liquidity Coverage Ratio (LCR), which is a severe short term liquidity stress scenario and Net Stable Funding Ratio (NSFR) a longer term structural liquidity measure, both of which are mandated by banking regulators including APRA.

Liquid assets

Group holds a portfolio of high quality (unencumbered) liquid assets to protect Group's liquidity position in a severely stressed environment and to meet regulatory requirements. High quality liquid assets comprise three categories consistent with Basel III LCR requirements:

- Highest-quality liquid assets - 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 - 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.

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.

17. FINANCIAL RISK MANAGEMENT (continued)

LIQUIDITY AND FUNDING RISK (continued)

LIQUIDITY RISK OUTCOMES[1]

Liquidity Coverage Ratio - ANZBGL's Liquidity Coverage Ratio (LCR) averaged 130% for 2023, (2022: 131%) and above the regulatory minimum of 100%.

Net Stable Funding Ratio - ANZBGL's Net Stable Funding Ratio (NSFR) as at 30 September 2023 was 116% (2022: 119%), above the regulatory minimum of 100%.

1. This information is not within the scope of the external audit of the Group Financial Report by the Group's external auditor, KPMG. The Liquidity Coverage Ratio and Net Stable Funding Ratio are non-IFRS disclosures and are disclosed as part of the Group's *APS 330 Public Disclosure* which is subject to specific review procedures in accordance with the *Australian Standard on Related Services (ASRS) 4400 Agreed upon Procedures Engagements to Report Factual Findings.*

Liquidity crisis contingency planning

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

Group monitors the composition and stability of its funding so that it remains within the Group's funding risk appetite. This approach ensures that an appropriate proportion of the Group's assets are funded by stable funding sources, including customer deposits; longer-dated wholesale funding (with a remaining term exceeding one year); and equity.

Funding plans prepared	Considerations in preparing funding plans
• 3 year strategic plan prepared annually • annual funding plan as part of the 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

RBA Term Funding Facility

As an additional source of funding, in March 2020, the RBA announced a Term Funding Facility (TFF) for the banking system to support lending to Australian businesses. The TFF is a three-year secured funding facility to ADIs at a fixed rate of 0.25% for drawdowns up to 4 November 2020, and reduced to 0.10% for new drawdowns from 4 November 2020 onwards. The TFF was closed to drawdowns on 30 June 2021.

As at 30 September 2023, $8.1 billion remains drawn under the RBA's TFF (2022: $20.1 billion).

RBNZ Funding for Lending Programme and Term Lending Facility

Between May 2020 and July 2021, the RBNZ made funds available under a Term Lending Facility (TLF) to promote lending to businesses. The TLF is a five-year secured funding facility for New Zealand banks at a fixed rate of 0.25%.

In November 2020 the RBNZ announced a Funding for Lending Programme (FLP) which aimed to lower the cost of borrowing for New Zealand businesses and households. The FLP is a three-year secured funding facility for New Zealand banks at a floating rate of the New Zealand Official Cash Rate (OCR). New Zealand banks were able to obtain initial funding of up to 4% of their lending to New Zealand resident households, non-financial businesses and non-profit institutions serving households as at 31 October 2020 (eligible loans). The initial allocation closed on 6 June 2022. An additional allocation of up to 2% of eligible loans was available, subject to certain conditions until 6 December 2022.

As at 30 September 2023, ANZ Bank New Zealand had drawn $0.3 billion under the TLF (2022: $0.3 billion) and $3.2 billion under the FLP (2022: $2.3 billion).

17. FINANCIAL RISK MANAGEMENT (continued)

LIQUIDITY AND FUNDING RISK (continued)

RESIDUAL CONTRACTUAL MATURITY ANALYSIS OF THE GROUP'S LIABILITIES

The tables below provide residual contractual maturity analysis of financial liabilities as at 30 September within relevant maturity groupings. All outstanding debt issuance and subordinated debt is profiled on the earliest date on which the Group may be required to pay. All at-call liabilities are reported in the 'Less than 3 months' category unless there is a longer minimum notice period. The amounts represent principal and interest cash flows and therefore may differ from equivalent amounts reported on balance sheet.

It should be noted that this is not how the Group manages its liquidity risk. The management of this risk is detailed on page 155.

	Less than 3 months $m	3 to 12 months $m	1 to 5 years $m	After 5 years $m	Total $m
As at 30 September 2023					
Settlement balances owed by ANZ	19,267	-	-	-	19,267
Collateral received	10,382	-	-	-	10,382
Deposits and other borrowings	674,762	137,488	9,762	241	822,253
Liability for acceptances	646	-	-	-	646
Debt issuances[1]	4,738	23,908	88,270	16,017	132,933
Derivative liabilities (excluding those held for balance sheet management)[2]	48,150	-	-	-	48,150
Lease liabilities	100	264	872	743	1,979
Derivative assets and liabilities (balance sheet management)[3]					
- Funding:					
Receive leg	(29,459)	(40,907)	(90,906)	(14,001)	(175,273)
Pay leg	28,852	41,385	90,230	13,986	174,453
- Other balance sheet management:					
Receive leg	(142,289)	(44,586)	(35,720)	(19,866)	(242,461)
Pay leg	138,899	42,867	34,198	19,872	235,836
As at 30 September 2022					
Settlement balances owed by ANZ	13,766	-	-	-	13,766
Collateral received	16,230	-	-	-	16,230
Deposits and other borrowings	667,568	117,166	15,960	160	800,854
Liability for acceptances	352	-	-	-	352
Debt issuances[1]	7,591	22,315	60,716	13,667	104,289
Derivative liabilities (excluding those held for balance sheet management)[2]	71,073	-	-	-	71,073
Lease liabilities	81	210	654	168	1,113
Derivative assets and liabilities (balance sheet management)[3]					
- Funding:					
Receive leg	(33,155)	(49,030)	(66,661)	(12,851)	(161,697)
Pay leg	30,845	49,191	68,211	12,913	161,160
- Other balance sheet management:					
Receive leg	(125,122)	(44,835)	(29,188)	(10,063)	(209,208)
Pay leg	120,959	44,126	31,026	15,170	211,281

1. Callable wholesale debt instruments have been included at their next call date. Balance includes subordinated debt instruments that may be settled in cash or in equity, at the option of the Group and subordinated debt issued by ANZ New Zealand which constitutes Tier 2 capital under RBNZ requirements but does not qualify as the APRA Tier 2 requirements.
2. The full mark-to-market after any adjustments for Settle to Market of derivative liabilities (excluding those held for balance sheet management) is included in the 'Less than 3 months' category.
3. Includes derivatives designated into hedging relationships of $272 million (2022: $356 million) and $9,060 million (2022: $13,720 million) categorised as held for trading but form part of the Group's balance sheet managed activities.

At 30 September 2023, $240,711 million (2022: $236,051 million) of the Group's undrawn facilities and $50,171 million (2022: $49,765 million) of its issued guarantees mature in less than 1 year, based on the earliest date on which the Group may be required to pay.

17. FINANCIAL RISK MANAGEMENT (continued)

LIQUIDITY AND FUNDING RISK (continued)

The Company	Less than 3 months $m	3 to 12 months $m	1 to 5 years $m	After 5 years $m	Total $m
As at 30 September 2023					
Settlement balances owed by ANZ	16,574	-	-	-	16,574
Collateral received	9,452	-	-	-	9,452
Deposits and other borrowings	567,239	109,010	3,718	232	680,199
Liability for acceptances	391	-	-	-	391
Debt issuances[1]	4,321	20,669	75,192	13,297	113,479
Derivative liabilities (excluding those held for balance sheet management)[2]	53,111	-	-	-	53,111
Lease liabilities	80	207	715	725	1,727
Derivative assets and liabilities (balance sheet management)[3]					
- Funding:					
Receive leg	(26,321)	(31,549)	(70,627)	(10,871)	(139,368)
Pay leg	25,602	31,952	69,816	10,860	138,230
- Other balance sheet management:					
Receive leg	(136,668)	(38,700)	(27,047)	(18,876)	(221,291)
Pay leg	133,496	37,540	26,247	18,914	216,197
As at 30 September 2022					
Settlement balances owed by ANZ	10,224	-	-	-	10,224
Collateral received	14,425	-	-	-	14,425
Deposits and other borrowings	564,147	93,197	10,639	157	668,140
Liability for acceptances	144	-	-	-	144
Debt issuances[1]	7,648	18,951	48,323	9,970	84,892
Derivative liabilities (excluding those held for balance sheet management)[2]	75,810	-	-	-	75,810
Lease liabilities	76	202	744	826	1,848
Derivative assets and liabilities (balance sheet management)[3]					
- Funding:					
Receive leg	(29,397)	(39,350)	(46,997)	(8,857)	(124,601)
Pay leg	27,413	40,237	48,281	9,064	124,995
- Other balance sheet management:					
Receive leg	(121,112)	(40,061)	(21,417)	(9,498)	(192,088)
Pay leg	116,992	39,921	24,081	14,666	195,660

1. Callable wholesale debt instruments have been included at their next call date. Balance includes subordinated debt instruments that may be settled in cash or in equity, at the option of the Company.
2. The full mark-to-market after any adjustments for Settle to Market of derivative liabilities (excluding those held for balance sheet management) is included in the 'Less than 3 months' category.
3. Includes derivatives designated into hedging relationships of $255 million (2022: $300 million) and $4,145 million (2022: $8,390 million) categorised as held for trading but form part of the Company's balance sheet managed activities.

At 30 September 2023, $206,405 million (2022: $201,204 million) of the Company's undrawn facilities and $46,707 million (2022: $46,191 million) of its issued guarantees mature in less than 1 year, based on the earliest date on which the Company may be required to pay.

18. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group recognises and measures financial instruments at either fair value or amortised cost, with a significant number of financial instruments on the balance sheet at fair value.

Fair value is the best estimate of the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

The following tables set out the classification of financial asset and liabilities according to their measurement bases together with their carrying amounts as recognised on the balance sheet.

		2023			2022		
Consolidated	Note	At amortised cost $m	At fair value $m	Total $m	At amortised cost $m	At fair value $m	Total $m
Financial assets							
Cash and cash equivalents[1]	8	140,588	27,566	168,154	168,132	-	168,132
Settlement balances owed to ANZ		9,349	-	9,349	4,762	-	4,762
Collateral paid		8,558	-	8,558	12,700	-	12,700
Trading assets	9	-	37,004	37,004	-	35,237	35,237
Derivative financial instruments	10	-	60,406	60,406	-	90,174	90,174
Investment securities	11	7,752	89,217	96,969	7,943	78,210	86,153
Net loans and advances[1]	12	685,806	21,888	707,694	667,732	4,675	672,407
Regulatory deposits		646	-	646	632	-	632
Other financial assets		4,378	-	4,378	2,943	-	2,943
Total		857,077	236,081	1,093,158	864,844	208,296	1,073,140
Financial liabilities							
Settlement balances owed by ANZ		19,267	-	19,267	13,766	-	13,766
Collateral received		10,382	-	10,382	16,230	-	16,230
Deposits and other borrowings[1]	14	781,314	33,889	815,203	794,621	2,660	797,281
Derivative financial instruments	10	-	57,482	57,482	-	85,149	85,149
Payables and other liabilities	15	10,665	5,267	15,932	6,596	3,239	9,835
Debt issuances	16	114,678	1,336	116,014	92,623	1,111	93,734
Total		936,306	97,974	1,034,280	923,836	92,159	1,015,995

1. During 2023, the Group commenced the management of repurchase agreements and reverse repurchase agreements on a fair value basis within the trading book in its Markets business. This resulted in the associated repurchase and reverse repurchase agreements being recognised and measured at FVTPL.

18. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

		2023			2022		
The Company	Note	At amortised cost $m	At fair value $m	Total $m	At amortised cost $m	At fair value $m	Total $m
Financial assets							
Cash and cash equivalents[1]	8	127,309	27,099	154,408	155,483	-	155,483
Settlement balances owed to ANZ		8,935	-	8,935	4,024	-	4,024
Collateral paid		7,717	-	7,717	11,368	-	11,368
Trading assets	9	-	30,693	30,693	-	28,073	28,073
Derivative financial instruments	10	-	59,989	59,989	-	88,056	88,056
Investment securities	11	5,936	77,265	83,201	6,115	66,284	72,399
Net loans and advances[1]	12	541,777	21,240	563,017	533,082	4,263	537,345
Regulatory deposits		284	-	284	249	-	249
Due from controlled entities		24,173	1,894	26,067	20,360	2,500	22,860
Other financial assets		3,024	-	3,024	1,882	-	1,882
Total		719,155	218,180	937,335	732,563	189,176	921,739
Financial liabilities							
Settlement balances owed by ANZ		16,574	-	16,574	10,224	-	10,224
Collateral received		9,452	-	9,452	14,425	-	14,425
Deposits and other borrowings[1]	14	643,868	31,207	675,075	665,567	40	665,607
Derivative financial instruments	10	-	57,511	57,511	-	84,500	84,500
Due to controlled entities		26,737	157	26,894	25,305	-	25,305
Payables and other liabilities	15	8,357	4,922	13,279	5,705	2,857	8,562
Debt issuances	16	95,881	2,332	98,213	72,757	3,071	75,828
Total		800,869	96,129	896,998	793,983	90,468	884,451

1. During 2023, within the trading book in its Markets business, the Company commenced the management of repurchase agreements and associated reverse repurchase agreements on a fair value basis. This resulted in repurchase and associated reverse repurchase agreements being recognised and measured at FVTPL.

18. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

FINANCIAL ASSETS AND FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

The fair valuation of financial assets and financial liabilities is generally determined at the individual instrument level.

If the Group holds offsetting risk positions, then we use the portfolio exception in AASB 13 *Fair Value Measurement* (AASB 13) to measure the fair value of such groups of financial assets and financial liabilities. The Group measure the portfolio based on the price that would be received to sell a net long position (an asset) for a particular risk exposure, or to transfer a net short position (a liability) for a particular risk exposure.

Fair value designation

The Group designate certain loans and advances and certain deposits and other borrowings and debt issuances as fair value through profit or loss:

- where they contain a separable embedded derivative which significantly modifies the instruments' cash flow ensuring we recognise the fair value movements on the assets or liabilities in profit or loss in the same period as the movement on the associated hedging instruments; or
- in order to eliminate an accounting mismatch which would arise if the asset or liabilities were otherwise carried at amortised cost. This mismatch arises due to measuring the derivative financial instruments (which we use to mitigate interest rate risk of these assets or liabilities) at fair value through profit or loss.

Our approach ensures that we recognise the fair value movements on the assets or liabilities in profit or loss in the same period as the movement on the associated derivatives.

The Group may also designate certain loans and advances, certain deposits and other borrowings and debt issuances as fair value through profit or loss where they are managed on a fair value basis to align the measurement with how the instruments are managed.

FAIR VALUE APPROACH AND VALUATION TECHNIQUES

We use valuation techniques to estimate the fair value of assets and liabilities for recognition, measurement and disclosure purposes where no quoted price in an active market exists for that asset or liability. This includes the following:

Asset or Liability	Fair Value Approach
Financial instruments classified as: - Derivative financial assets and financial liabilities (including trading and non-trading) - Repurchase agreements < 90 days - Net loans and advances - Deposits and other borrowings - Debt issuances	Discounted cash flow techniques are used whereby contractual future cash flows of the instrument are discounted using wholesale market interest rates, or market borrowing rates for debt or loans with similar maturities or yield curve appropriate for the remaining term to maturity.
Other financial instruments held for trading: - Securities sold short - Debt and equity securities	Valuation techniques are used that incorporate observable market inputs for financial instruments with similar credit risk, maturity and yield characteristics. Equity securities where an active market does not exist are measured using comparable company valuation multiples (such as price-to-book ratios).
Financial instruments classified as: - Investment securities – debt or equity	Valuation techniques use comparable multiples (such as price-to-book ratios) or discounted cashflow (DCF) techniques incorporating, to the extent possible, observable inputs from instruments with similar characteristics.

There were no significant changes to valuation approaches during the current or prior periods.

18. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

FAIR VALUE HIERARCHY

The Group categorises assets and liabilities carried at fair value into a fair value hierarchy in accordance with AASB 13 based on the observability of inputs used to measure the fair value:

- Level 1 - valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuations using inputs other than quoted prices included within Level 1 that are observable for a similar asset or liability, either directly or indirectly; and
- Level 3 - valuations where significant unobservable inputs are used to measure the fair value of the asset or liability.

The following table presents assets and liabilities carried at fair value in accordance with the fair value hierarchy:

	Fair value measurements							
	Quoted price in active markets (Level 1)		Using observable inputs (Level 2)		Using unobservable inputs (Level 3)		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Consolidated	$m	$m	$m	$m	$m	$m	$m	$m
Assets								
Cash and cash equivalents (measured at fair value)[1]	-	-	27,566	-	-	-	27,566	-
Trading assets[2]	26,388	28,455	10,614	6,782	2	-	37,004	35,237
Derivative financial instruments	935	944	59,448	89,185	23	45	60,406	90,174
Investment securities[2,3]	71,355	68,211	16,924	8,614	938	1,385	89,217	78,210
Net loans and advances[1]	-	-	21,159	4,272	729	403	21,888	4,675
Total	98,678	97,610	135,711	108,853	1,692	1,833	236,081	208,296
Liabilities								
Deposits and other borrowings (designated at fair value)[1]	-	-	33,889	2,660	-	-	33,889	2,660
Derivative financial instruments	218	309	57,241	84,809	23	31	57,482	85,149
Payables and other liabilities	4,841	2,842	426	397	-	-	5,267	3,239
Debt issuances (designated at fair value)	-	-	1,336	1,111	-	-	1,336	1,111
Total	5,059	3,151	92,892	88,977	23	31	97,974	92,159

1. During 2023, the Group commenced the management of repurchase agreements and reverse repurchase agreements on a fair value basis within the trading book in its Markets business. This resulted in the associated repurchase and reverse repurchase agreements being recognised and measured at FVTPL.
2. During 2023, $3,624 million of assets were transferred from Level 1 to Level 2 (2022: $1,043 million transferred from Level 1 to Level 2), and $1,452 million of assets were transferred from Level 2 to Level 1 (2022: $1,677 million transferred from Level 2 to Level 1) due to a change of the observability of valuation inputs. There were no other material transfers between Level 1 and Level 2 during the year. Transfers into and out of levels are measured at the beginning of the reporting period in which the transfer occurred.
3. During 2023, ANZBGL sold its equity interests in the 1835i trusts, TIN and Pollination to ANZ NBH Pty Ltd as part of the Restructure. These investments were classified as Level 3 assets in the fair value hierarchy in September 2022, with a fair valuation of $402 million.

18. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

FAIR VALUE HIERARCHY (continued)

	Fair value measurements							
	Quoted price in active markets (Level 1)		Using observable inputs (Level 2)		Using unobservable inputs (Level 3)		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
The Company	$m	$m	$m	$m	$m	$m	$m	$m
Assets								
Cash and cash equivalents (measured at fair value)[1]	-	-	27,099	-	-	-	27,099	-
Trading assets[2]	22,264	23,037	8,427	5,036	2	-	30,693	28,073
Derivative financial instruments	900	848	59,066	87,181	23	27	59,989	88,056
Investment securities[2,3]	63,879	58,259	12,449	7,006	937	1,019	77,265	66,284
Net loans and advances[1]	-	-	20,511	3,860	729	403	21,240	4,263
Due from controlled entities	-	-	1,894	2,500	-	-	1,894	2,500
Total	87,043	82,144	129,446	105,583	1,691	1,449	218,180	189,176
Liabilities								
Deposits and other borrowings (designated at fair value)[1]	-	-	31,207	40	-	-	31,207	40
Derivative financial instruments	210	301	57,287	84,179	14	20	57,511	84,500
Payables and other liabilities	4,500	2,510	422	347	-	-	4,922	2,857
Debt issuances (designated at fair value)	-	985	2,332	2,086	-	-	2,332	3,071
Due to controlled entities	-	-	157	-	-	-	157	-
Total	4,710	3,796	91,405	86,652	14	20	96,129	90,468

1. During 2023, within the trading book in its Markets business, the Company commenced the management of repurchase agreements and associated reverse repurchase agreements on a fair value basis. This resulted in repurchase and associated reverse repurchase agreements being recognized and measured at FVTPL.
2. During 2023, $2,139 million of assets were transferred from Level 1 to Level 2 (2022: $1,043 million transferred from Level 1 to Level 2), and $1,155 million of assets were transferred from Level 2 to Level 1 (2022: $1,677 million transferred from Level 2 to Level 1) due to a change of the observability of valuation inputs. There were no other material transfers during the year. Transfers into and out of levels are measured at the beginning of the reporting period in which the transfer occurred.
3. During 2023, ANZBGL sold its equity interests in the 1835i trusts, TIN and Pollination to ANZ NBH Pty Ltd as part of the Restructure. These investments were classified as Level 3 assets in the fair value hierarchy in September 2022, with a fair valuation of $402 million.

18. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

FAIR VALUE MEASUREMENT INCORPORATING UNOBSERVABLE MARKET DATA

Level 3 fair value measurements

Level 3 financial instruments are a net asset of $1,669 million (2022: $1,802 million) for the Group and $1,676 million (2022: $1,429 million) for the Company.

The assets and liabilities which incorporate significant unobservable inputs are:

- equity and debt securities for which there is no active market or traded prices cannot be observed;
- loans and advances measured at fair value for which there is no observable market data; and
- derivatives referencing market rates that cannot be observed primarily due to lack of market activity.

Level 3 Transfers

During the year, the Group and the Company transferred $218 million (2022: $312 million) of Loan and advances measured at fair value from Level 2 to Level 3, as a result of valuation parameters becoming unobservable during the year. There were no other material transfers into or out of Level 3 during the period.

The material Level 3 financial instruments as at 30 September 2023 are listed as below:

i) Investment Securities - equity holdings classified as FVOCI

Bank of Tianjin (BoT)

The Group holds an investment in the Bank of Tianjin. The investment is valued based on comparative price-to-book (P/B) multiples (a P/B multiple is the ratio of the market value of equity to the book value of equity). The extent of judgement applied in determining the appropriate multiple and comparator group from which the multiple is derived resulted in the Level 3 classification. As at September 2023, the BoT equity holding balance was $849 million (2022: $854 million). The decrease in the BoT fair valuation was due to a decrease in the P/B multiple used in the valuation.

Other equity investments

The Group holds $89 million (2022: $491 million) and the Company holds $87 million (2022: $165 million) of unlisted equities classified as FVOCI for which there are no active markets or traded prices available, resulting in Level 3 classification. The decrease in unlisted equity holdings balance was due to the sale of equity securities to the ANZ Non-Bank Group as part of the establishment of the new Group organisational structure.

ii) Net loans and advances - classified as FVTPL

Syndication Loans

The Group holds $729 million (2022: $403 million) of syndication loans for sale which are measured at FVTPL for which there is no observable market data available for the valuation. The increase in the Level 3 loan balances during the financial year was mainly due to increased syndication loans for sale as at reporting date, and loans and advances transferred from Level 2 to Level 3.

Sensitivity to Level 3 data inputs

When we make assumptions due to significant inputs to a valuation not being directly observable (Level 3 inputs), then changing these assumptions changes the Group's estimate of the instrument's fair value. Favourable and unfavourable changes are determined by changing the primary unobservable parameters used to derive the fair valuation.

Investment Securities - equity holdings

The valuation of the equity investments are sensitive to variations in select unobservable inputs, with valuation techniques used including P/B multiples and discounted cashflow techniques. If for example, a 10% increase or decrease to the primary input into the valuations were to occur (such as the P/B multiple), it would result in a $94 million increase or decrease in the fair value of the portfolio, which would be recognised in shareholders' equity in the Group ($93 million for the Company), with no impact to net profit or loss.

Net Loans and Advances

Syndicated loan valuations are sensitive to credit spreads in determining their fair valuation. However as these are primarily investment-grade loans, an increase or decrease in credit spreads and or interest yield would have an immaterial impact on net profit or net assets of the Group.

Other

The remaining Level 3 balance is immaterial and changes in inputs have a minimal impact on net profit and net assets of the Group.

Deferred fair value gains and losses

Where fair values are determined using unobservable inputs significant to the fair value of a financial instrument, the Group does not immediately recognise the difference between the transaction price and the amount we determine based on the valuation technique (day one gain or loss) in profit or loss. After initial recognition, we recognise the deferred amount in profit or loss on a straight-line basis over the life of the transaction or until all inputs become observable. Day one gains and losses which have been deferred are not material.

18. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

FINANCIAL ASSETS AND FINANCIAL LIABILITIES NOT MEASURED AT FAIR VALUE

The financial assets and financial liabilities listed below are carried at amortised cost on the Group's Balance Sheet. While this is the value at which we expect the assets will be realised and the liabilities settled, the Group provides an estimate of the fair value of the financial assets and financial liabilities at balance date in the tables below.

Fair values of financial assets and liabilities carried at amortised cost not included in the table below approximate their carrying values. These financial assets and liabilities are either short term in nature or are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

			Categorised into fair value hierarchy							
	At amortised cost		Quoted price active markets (Level 1)		Using observable inputs (Level 2)		With significant non-observable inputs (Level 3)		Total fair value	
Consolidated	2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m
Financial assets										
Investment securities[1]	7,752	7,943	-	-	7,712	7,918	-	-	7,712	7,918
Net loans and advances	685,806	667,732	-	-	19,619	29,460	664,120	634,272	683,739	663,732
Total	693,558	675,675	-	-	27,331	37,378	664,120	634,272	691,451	671,650
Financial liabilities										
Deposits and other borrowings	781,314	794,621	-	-	781,106	794,124	-	-	781,106	794,124
Debt issuances	114,678	92,623	30,786	22,982	83,867	69,028	-	-	114,653	92,010
Total	895,992	887,244	30,786	22,982	864,973	863,152	-	-	895,759	886,134

			Categorised into fair value hierarchy							
	At amortised cost		Quoted price active markets (Level 1)		Using observable inputs (Level 2)		With significant non-observable inputs (Level 3)		Total fair value	
The Company	2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m
Financial assets										
Investment securities[1]	5,936	6,115	-	-	5,896	6,092	-	-	5,896	6,092
Net loans and advances	541,777	533,082	-	-	19,224	28,708	521,474	501,795	540,698	530,503
Total	547,713	539,197	-	-	25,120	34,800	521,474	501,795	546,594	536,595
Financial liabilities										
Deposits and other borrowings	643,868	665,567	-	-	643,755	665,242	-	-	643,755	665,242
Debt issuances	95,881	72,757	28,496	19,741	67,309	52,453	-	-	95,805	72,194
Total	739,749	738,324	28,496	19,741	711,064	717,695	-	-	739,560	737,436

1. Investment securities at amortised cost includes $4,558 million of assets that are part of the Group's liquidity portfolio for the Group (2022: $3,976 million) and $2,917 million of assets for the Company (2022: $2,304 million) that are part of the Group's and Company's liquidity portfolio. These are all short tenor (<1 year) instruments primarily in the Group's Rest of World geography and represent <2% of the Group's total liquid assets at 30 September 2023.

18. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

FINANCIAL ASSETS AND FINANCIAL LIABILITIES NOT MEASURED AT FAIR VALUE (continued)

The following table sets out the Group's basis of estimating the fair values of financial assets and liabilities carried at amortised cost where the carrying value is not typically a reasonable approximation of fair value.

Financial Asset and Liability	Fair Value Approach
Investment securities - debt securities at amortised cost	Calculated based on quoted market prices or observable inputs as applicable. If quoted market prices are not available, we use a discounted cash flow model using a yield curve appropriate for the remaining term to maturity of the debt instrument. The fair value reflects adjustments to credit spreads applicable for that instrument.
Net loans and advances to banks	Discounted cash flows using prevailing market rates for loans with similar credit quality.
Net loans and advances to customers	Present value of future cash flows, discounted using a curve that incorporates changes in wholesale market rates, the Group's cost of wholesale funding and the customer margin, as appropriate.
Deposit liability without a specified maturity or at call	The amount payable on demand at the reporting date. We do not adjust the fair value for any value we expect the Group to derive from retaining the deposit for a future period.
Interest bearing fixed maturity deposits and other borrowings and acceptances with quoted market rates	Market borrowing rates of interest for debt with a similar maturity are used to discount contractual cash flows to derive the fair value.
Debt issuances	Calculated based on quoted market prices or observable inputs as applicable. If quoted market prices are not available, we use a discounted cash flow model using a yield curve appropriate for the remaining term to maturity of the debt instrument. The fair value reflects adjustments to credit spreads applicable to ANZ for that instrument.

KEY JUDGEMENTS AND ESTIMATES

A significant portion of financial instruments are carried on the balance sheet at fair value. The Group therefore regularly evaluates the key valuation assumptions used in the determination of the fair valuation of financial instruments incorporated within the financial statements, as this can involve a high degree of judgement and estimation in determining the carrying values at the balance date.

In determining the fair valuation of financial instruments, the Group has considered the impact of related economic and market conditions on fair value measurement assumptions and the appropriateness of valuation inputs in these estimates, notably valuation adjustments, as well as the impact of these matters on the classification of financial instruments in the fair value hierarchy.

Most of the valuation models the Group uses employ only observable market data as inputs. For certain financial instruments, we may use data that is not readily observable in current markets. If we use unobservable market data, then we need to exercise more judgement to determine fair value depending on the significance of the unobservable input to the overall valuation. Generally, we derive unobservable inputs from other relevant market data and compare them to observed transaction prices where available. When establishing the fair value of a financial instrument using a valuation technique, the Group also considers any required valuation adjustments in determining the fair value. We may apply adjustments (such as credit valuation adjustments and funding valuation adjustments – refer to Note 10 Derivative Financial Instruments) to reflect the Group's assessment of factors that market participants would consider in determining fair value of a particular financial instrument.

19. ASSETS CHARGED AS SECURITY FOR LIABILITIES AND COLLATERAL ACCEPTED AS SECURITY FOR ASSETS

The following disclosure excludes the amounts presented as collateral paid and received in the Balance Sheet that relate to derivative liabilities and derivative assets respectively. The terms and conditions of those collateral agreements are included in the standard Credit Support Annex that forms part of the International Swaps and Derivatives Association Master Agreement under which most of our derivatives are executed.

ASSETS CHARGED AS SECURITY FOR LIABILITIES

Assets charged as security for liabilities include the following types of instruments:

- securities provided as collateral for repurchase transactions. These transactions are governed by standard industry agreements;
- specified residential mortgages provided as security for notes and bonds issued to investors as part of ANZ's covered bond programs;
- collateral provided to central banks; and
- collateral provided to clearing houses.

The carrying amount of assets pledged as security are as follows:

	Consolidated		The Company	
	2023 $m	2022 $m	2023 $m	2022 $m
Securities sold under arrangements to repurchase[1]	**47,552**	52,757	**42,002**	47,846
Residential mortgages provided as security for covered bonds	**31,188**	27,575	**21,017**	17,953
Other	**6,152**	5,601	**6,077**	5,527

1. The amounts disclosed as securities sold under arrangements to repurchase include both:
   - assets pledged as security which continue to be recognised on the Group's balance sheet; and
   - assets repledged, which are included in the disclosure below.

COLLATERAL ACCEPTED AS SECURITY FOR ASSETS

ANZ has received collateral associated with various financial transactions. Under certain arrangements ANZ has the right to sell, or to repledge, the collateral received. These arrangements are governed by standard industry agreements.

The fair value of collateral we have received and that which we have sold or repledged is as follows:

	Consolidated		The Company	
	2023 $m	2022 $m	2023 $m	2022 $m
Fair value of assets which can be sold or repledged	**52,184**	32,389	**51,519**	30,647
Fair value of assets sold or repledged	**33,493**	21,269	**33,218**	20,359

20. OFFSETTING

We offset financial assets and financial liabilities on the balance sheet (in accordance with AASB 132 *Financial Instruments: Presentation*) when there is:

- a current legally enforceable right to set off the recognised amounts in all circumstances; and
- an intention to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously.

The following table identifies financial assets and financial liabilities which have not been offset but are subject to enforceable master netting agreements (or similar arrangements) and the related amounts not offset in the balance sheet. We have not taken into account the effect of over-collateralisation.

			Amount subject to master netting agreement or similar			
Consolidated	Total amounts recognised in the Balance Sheet $m	Amounts not subject to master netting agreement or similar $m	Total $m	Financial instruments[5] $m	Financial collateral (received)/ pledged[5] $m	Net amount $m
As at 30 September 2023						
Derivative financial assets[1]	60,406	(3,290)	57,116	(38,070)	(13,049)	5,997
Reverse repurchase, securities borrowing and similar agreements[2]						
- at amortised cost	4,145	(124)	4,021	-	(4,021)	-
- at fair value through profit or loss[3]	44,088	(10,505)	33,583	(2,401)	(31,182)	-
Total financial assets	108,639	(13,919)	94,720	(40,471)	(48,252)	5,997
Derivative financial liabilities[1]	(57,482)	5,096	(52,386)	38,070	6,547	(7,769)
Repurchase, securities lending and similar agreements[4]						
- at amortised cost	(12,744)	1,117	(11,627)	-	11,627	-
- at fair value through profit or loss[3]	(31,710)	13,304	(18,406)	2,401	16,005	-
Total financial liabilities	(101,936)	19,517	(82,419)	40,471	34,179	(7,769)
As at 30 September 2022						
Derivative financial assets[1]	90,174	(6,983)	83,191	(56,491)	(16,951)	9,749
Reverse repurchase, securities borrowing and similar agreements[2]						
- at amortised cost	29,776	(6,697)	23,079	(1,985)	(21,094)	-
Total financial assets	119,950	(13,680)	106,270	(58,476)	(38,045)	9,749
Derivative financial liabilities[1]	(85,149)	9,936	(75,213)	56,491	9,964	(8,758)
Repurchase, securities lending and similar agreements[4]						
- at amortised cost	(47,229)	12,497	(34,732)	1,985	32,747	-
Total financial liabilities	(132,378)	22,433	(109,945)	58,476	42,711	(8,758)

1. Derivative assets and liabilities recognised in the Balance Sheet reflect the impact of certain central clearing collateral arrangements, whereby collateral that qualifies as legal settlement has reduced the carrying value of those associated derivative balances.
2. Reverse repurchase agreements:
   - with less than 90 days to maturity are presented in the Balance Sheet within Cash and cash equivalents; or
   - with 90 days or more to maturity are presented in the Balance Sheet within Net loans and advances.
3. During 2023, the Group commenced the management of repurchase agreements and reverse repurchase agreements on a fair value basis within the trading book in its Markets business. This resulted in the associated repurchase and reverse repurchase agreements being recognised and measured at FVTPL.
4. Repurchase agreements are presented on the Balance Sheet within Deposits and other borrowings.
5. The amount of financial instruments and financial collateral disclosed is limited to the net balance sheet exposure of the relevant financial assets or liabilities, and any over-collateralisation is excluded from the tables.

20. OFFSETTING (continued)

The Company	Total amounts recognised in the Balance Sheet $m	Amounts not subject to master netting agreement or similar $m	Amount subject to master netting agreement or similar: Total $m	Financial instruments[5] $m	Financial collateral (received)/ pledged[5] $m	Net amount $m
As at 30 September 2023						
Derivative financial assets[1]	59,989	(1,096)	58,893	(41,574)	(11,716)	5,603
Reverse repurchase, securities borrowing and similar agreements[2]						
- at amortised cost	4,021	-	4,021	-	(4,021)	-
- at fair value through profit or loss[3]	43,553	(10,143)	33,410	(2,248)	(31,162)	-
Total financial assets	107,563	(11,239)	96,324	(43,822)	(46,899)	5,603
Derivative financial liabilities[1]	(57,511)	2,760	(54,751)	41,574	6,356	(6,821)
Repurchase, securities lending and similar agreements[4]						
- at amortised cost	(8,955)	865	(8,090)	-	8,090	-
- at fair value through profit or loss[3]	(31,125)	12,872	(18,253)	2,248	16,005	-
Total financial liabilities	(97,591)	16,497	(81,094)	43,822	30,451	(6,821)
As at 30 September 2022						
Derivative financial assets[1]	88,056	(4,242)	83,814	(61,038)	(14,876)	7,900
Reverse repurchase, securities borrowing and similar agreements[2]						
- at amortised cost	28,045	(5,323)	22,722	(1,629)	(21,093)	-
Total financial assets	116,101	(9,565)	106,536	(62,667)	(35,969)	7,900
Derivative financial liabilities[1]	(84,500)	6,839	(77,661)	61,038	8,548	(8,075)
Repurchase, securities lending and similar agreements[4]						
- at amortised cost	(42,940)	11,021	(31,919)	1,629	30,290	-
Total financial liabilities	(127,440)	17,860	(109,580)	62,667	38,838	(8,075)

1. Derivative assets and liabilities recognised in the Balance Sheet reflect the impact of certain central clearing collateral arrangements, whereby collateral that qualifies as legal settlement has reduced the carrying value of those associated derivative balances.
2. Reverse repurchase agreements:
   - with less than 90 days to maturity are presented in the Balance Sheet within Cash and cash equivalents; or
   - with 90 days or more to maturity are presented in the Balance Sheet within Net loans and advances.
3. During 2023, the Group commenced the management of repurchase agreements and reverse repurchase agreements on a fair value basis within the trading book in its Markets business. This resulted in the associated repurchase and reverse repurchase agreements being recognised and measured at FVTPL.
4. Repurchase agreements are presented on the Balance Sheet within Deposits and other borrowings.
5. The amount of financial instruments and financial collateral disclosed is limited to the net balance sheet exposure of the relevant financial assets or liabilities, and any over-collateralisation is excluded from the tables.

21. GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill[1]		Software		Other Intangibles		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Consolidated	$m	$m	$m	$m	$m	$m	$m	$m
Balance at start of year	2,906	3,089	896	960	75	75	3,877	4,124
Additions[2]	-	78	332	315	-	10	332	403
Amortisation expense	-	-	(316)	(375)	(2)	(4)	(318)	(379)
Impairment expense	-	-	-	(3)	-	-	-	(3)
Written-off on disposal/exit[3]	(78)	(40)	-	-	(7)	-	(85)	(40)
Foreign currency exchange difference	150	(221)	1	(1)	4	(6)	155	(228)
Balance at end of year	2,978	2,906	913	896	70	75	3,961	3,877
Cost[4]	2,978	2,906	8,127	7,843	78	83	11,183	10,832
Accumulated amortisation	n/a	n/a	(7,214)	(6,947)	(8)	(8)	(7,222)	(6,955)
Carrying amount	2,978	2,906	913	896	70	75	3,961	3,877

	Goodwill[1]		Software		Other Intangibles		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
The Company	$m	$m	$m	$m	$m	$m	$m	$m
Balance at start of year	62	62	872	952	1	3	935	1,017
Additions	-	-	310	287	-	-	310	287
Amortisation expense	-	-	(310)	(363)	(1)	(3)	(311)	(366)
Impairment expense	-	-	-	(3)	-	-	-	(3)
Foreign currency exchange difference	-	-	1	(1)	-	1	1	-
Balance at end of year	62	62	873	872	-	1	935	935
Cost[4]	62	62	7,800	7,544	7	7	7,869	7,613
Accumulated amortisation	n/a	n/a	(6,927)	(6,672)	(7)	(6)	(6,934)	(6,678)
Carrying amount	62	62	873	872	-	1	935	935

1. Goodwill excludes notional goodwill in equity accounted investments.
2. 2022 goodwill addition relates to acquisition of Cashrewards.
3. 2023 goodwill written-off on disposal/exit relates to the disposal of Cashrewards to ANZ NBH Pty Ltd. 2022 goodwill written-off on disposal/exit relates to the exit of the financial planning and advice business.
4. Includes impact of foreign currency translation differences.

IMPAIRMENT TESTING FOR CASH GENERATING UNITS CONTAINING GOODWILL

Goodwill acquired in a business combination is tested for impairment annually and whenever there are indicators of potential impairment. Goodwill is allocated at the date of acquisition to the cash generating unit (CGU) or group of CGUs that are expected to benefit from the synergies of the related business combination.

Goodwill is considered to be impaired if the carrying amount of the relevant CGU exceeds its recoverable amount. We estimate the recoverable amount of each CGU to which goodwill is allocated using a fair value less costs of disposal (FVLCOD) approach, with a value-in-use (VIU) assessment performed where the FVLCOD is less than the carrying amount.

Goodwill is allocated to the following CGUs based on the lowest level at which goodwill is monitored.

Cash generating units:	2023 $m	2022 $m
Australia Retail	100	178
New Zealand	1,617	1,530
Institutional	1,261	1,198

21. GOODWILL AND OTHER INTANGIBLE ASSETS (continued)

We estimate the FVLCOD of each CGU to which goodwill is allocated by applying observable price earnings multiples of comparable companies to the estimated future maintainable earnings of each CGU. A deduction is then made for estimated costs of disposal. The valuation is considered to be level 3 in the fair value hierarchy due to unobservable inputs used in the valuation.

Management's approach and the key assumptions used in determining FVLCOD are as follows:

Key assumption	Approach to determining the value (or values) for each key assumption
Future maintainable earnings	Future maintainable earnings for each CGU is estimated as the sum of: • The Group's 2024 financial plan for each CGU; and • An allocation of the central costs recorded outside of the CGUs to which goodwill is allocated. Where relevant, adjustments are made to the Group's financial plan to reflect the long-term expectations for items such as expected credit losses and investment spend.
Price/Earnings (P/E) multiple	P/E multiples applicable to each CGU have been derived from a comparator group of publicly traded companies, and include a 30% control premium, discussed below. In the case of the New Zealand and Institutional CGUs, management has made downwards adjustments to P/E multiples to address specific factors relevant to those CGUs. A control premium has been applied which recognises the increased consideration a potential acquirer would be willing to pay in order to gain sufficient ownership to achieve control over the relevant activities of the CGU. For each CGU, the control premium has been estimated as 30% of the comparator group P/E multiple based on historical transactions.
Costs of disposal	Costs of disposal have been estimated as 2% of the fair value of the CGU based on those observed from historical and recent transactions.

As noted above, our impairment testing did not result in the identification of any material impairment of goodwill as at 30 September 2023.

The FVLCOD estimates for each CGU are sensitive to assumptions about P/E multiples, future maintainable earnings and control premium (30%). However, each CGU would continue to show a surplus in recoverable amount over carrying amount even where other reasonably possible alternative estimates were used.

21. GOODWILL AND OTHER INTANGIBLE ASSETS (continued)

RECOGNITION AND MEASUREMENT

The table below details how we recognise and measure different intangible assets:

	Goodwill	Software	Other Intangibles
Definition	Excess amount the Group has paid in acquiring a business over the fair value of the identifiable assets and liabilities acquired.	Purchased software owned by the Group is capitalised. Internal and external costs incurred in building software and computer systems costing greater than \$20 million are capitalised as assets. Those less than \$20 million are expensed in the year in which the costs are incurred. Costs incurred in planning or evaluating software proposals or in maintaining systems after implementation are not capitalised.	Management fee rights arising from acquisition of funds management business and other intangible assets arising from contractual rights.
Carrying value	Cost less any accumulated impairment losses. Allocated to the cash generating unit to which the acquisition relates.	Initially, measured at cost. Subsequently, carried at cost less accumulated amortisation and impairment losses.	Initially, measured at fair value at acquisition. Subsequently, carried at cost less accumulated amortisation and impairment losses.
Useful life	Indefinite. Goodwill is reviewed for impairment at least annually or when there is an indication of impairment.	Except for major core infrastructure, amortised over periods between 2-5 years; however major core infrastructure may be amortised over 7 years subject to approval by the Audit Committee. Purchased software is amortised over 2 years unless it is considered integral to other assets with a longer useful life.	Management fee rights with an indefinite life are reviewed for impairment at least annually or when there is an indication of impairment. Other intangible assets are amortised over 3 years.
Depreciation method	Not applicable.	Straight-line method.	Not applicable to indefinite life intangible assets. Straight-line method for assets with a finite life.

21. GOODWILL AND OTHER INTANGIBLE ASSETS (continued)

KEY JUDGEMENTS AND ESTIMATES

Management judgement is used to assess the recoverable value of goodwill and other intangible assets, and the useful economic life of an asset, or whether an asset has an indefinite life. We reassess the recoverability of the carrying value at each reporting date.

Goodwill

A number of key judgements are required in the determination of whether or not a goodwill balance is impaired including:

- the level at which goodwill is allocated – consistent with prior periods the CGUs to which goodwill is allocated are the Group's revenue generating segments that benefit from relevant historical business combinations generating goodwill.
- determination of the carrying amount of each CGU which includes an allocation, on a reasonable and consistent basis, of corporate assets and liabilities that are not directly attributable to the CGUs to which goodwill is allocated.
- assessment of the recoverable amount of each CGU including:
  - selection of the model used to determine the fair value – the Group has used the market multiple approach to estimate the fair value; and
  - selection of the key assumptions in respect of future maintainable earnings, the P/E multiple applied, including selection of an appropriate comparator group and determination of an appropriate control premium, and costs of disposal as described above.

Software and other intangible assets

At each reporting date, software and other intangible assets are assessed for indicators of impairment and, where such indicators are identified, an impairment assessment is performed. In the event that an asset's carrying amount is determined to be greater than its recoverable amount, the carrying amount of the asset is written down immediately. Those assets not yet ready for use are tested for impairment annually.

In addition, the expected useful lives of intangible assets are assessed at each reporting date. The assessment requires management judgement, and in relation to our software assets, a number of factors can influence the expected useful lives. These factors include changes to business strategy, significant divestments and the pace of technological change.

22. OTHER PROVISIONS

	Consolidated		The Company	
	2023 $m	2022 $m	2023 $m	2022 $m
ECL allowance on undrawn and contingent facilities[1]	827	775	697	673
Customer remediation	459	662	425	600
Restructuring costs	98	68	83	47
Non-lending losses, frauds and forgeries	73	105	62	93
Other	257	262	232	235
Total other provisions	1,714	1,872	1,499	1,648

Consolidated	Customer remediation $m	Restructuring costs $m	Non-lending losses, frauds and forgeries $m	Other $m
Balance at 1 October 2022	662	68	105	262
New and increased provisions made during the year	147	91	11	66
Provisions used during the year	(321)	(40)	(32)	(61)
Unused amounts reversed during the year	(29)	(21)	(11)	(10)
Balance at 30 September 2023	459	98	73	257

The Company	Customer remediation $m	Restructuring costs $m	Non-lending losses, frauds and forgeries $m	Other $m
Balance at 1 October 2022	600	47	93	235
New and increased provisions made during the year	146	83	9	63
Provisions used during the year	(295)	(27)	(29)	(59)
Unused amounts reversed during the year	(26)	(20)	(11)	(7)
Balance at 30 September 2023	425	83	62	232

1. Refer to Note 13 Allowance for Expected Credit Losses for movement analysis.

22. OTHER PROVISIONS (continued)

Customer remediation

Customer remediation includes provisions for expected refunds to customers, remediation project costs and related customer and regulatory claims, penalties and litigation costs and outcomes.

Restructuring costs

Provisions for restructuring costs arise from activities related to material changes in the scope of business undertaken by the Group or the manner in which that business is undertaken and include employee termination benefits. Costs relating to on-going activities are not provided for and are expensed as incurred.

Non-lending losses, frauds and forgeries

Non-lending losses include losses arising from certain legal actions not directly related to amounts of principal outstanding for loans and advances and losses arising from forgeries, frauds and the correction of operational issues. The amounts recognised are the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties that surround the events and circumstances that affect the provision.

Other

Other provisions comprise various other provisions including workers compensation, make-good provisions associated with leased premises, warranties and indemnities provided in connection with various disposals of businesses and assets, and contingent liabilities recognised as part of a business combination.

RECOGNITION AND MEASUREMENT

The Group recognises provisions when there is a present obligation arising from a past event, an outflow of economic resources is probable, and the amount of the provision can be measured reliably.

The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the timing and amount of the obligation. Where a provision is measured using the estimated cash flows required to settle the present obligation, its carrying amount is the present value of those cash flows.

KEY JUDGEMENTS AND ESTIMATES

The Group holds provisions for various obligations including customer remediation, restructuring costs, non-lending losses, frauds and forgeries and litigation related claims. These provisions involve judgements regarding the timing and outcome of future events, including estimates of expenditure required to satisfy such obligations. Where relevant, expert legal advice has been obtained and, in light of such advice, provisions and/or disclosures as deemed appropriate have been made.

In relation to customer remediation, determining the amount of the provisions, which represent management's best estimate of the cost of settling the identified matters, requires the exercise of significant judgement. It will often be necessary to form a view on a number of different assumptions, including the number of impacted customers, the average refund per customer, the associated remediation project costs, and the implications of regulatory exposures and customer claims having regard to their specific facts and circumstances. There is a heightened level of estimation uncertainty where the customer remediation provision relates to a legal proceeding or matter. The appropriateness of the underlying assumptions is reviewed on a regular basis against actual experience and other relevant evidence including expert legal advice, and adjustments are made to the provisions where appropriate.

23. SHAREHOLDERS' EQUITY

SHAREHOLDERS' EQUITY

	Consolidated		The Company	
	2023 $m	2022 $m	2023 $m	2022 $m
Ordinary share capital	29,082	28,797	29,005	28,720
Reserves				
Foreign currency translation reserve[1]	570	(148)	58	(6)
Share option reserve	82	78	82	78
FVOCI reserve	(554)	(478)	(538)	(557)
Cash flow hedge reserve	(1,872)	(2,036)	(1,824)	(2,061)
Transactions with non-controlling interests reserve	(22)	(22)	-	-
Total reserves	(1,796)	(2,606)	(2,222)	(2,546)
Retained earnings	41,306	39,716	34,195	32,859
Share capital and reserves attributable to shareholders of the Company	68,592	65,907	60,978	59,033
Non-controlling interests[2]	522	494	-	-
Total shareholders' equity	69,114	66,401	60,978	59,033

1. As a result of the closure of ANZ (Thai) Public Company Limited, ANZ International (Hong Kong) Limited and ANZ Singapore Limited, the associated foreign currency translation reserve was recycled from Other comprehensive income to profit or loss, resulting in a $43 million gain recognised in Other operating income in 2023 (2022: $65 million loss from the dissolution of Minerva Holdings Limited and ANZ Asia Limited).
2. ANZ Bank New Zealand issued $484 million of perpetual preference shares in 2022 that are considered non-controlling interests to the Group.

ORDINARY SHARE CAPITAL

The table below details the movement in ordinary shares and share capital for the year.

	2023		2022	
Consolidated	Number of shares	$m	Number of shares	$m
Balance at start of the year	2,989,923,751	28,797	2,823,563,652	25,984
Dividend reinvestment plan issuances	8,406,978	206	7,195,108	183
Bonus option plan	1,657,422	-	2,890,268	-
Employee share and option plans	3,378,631	79	-	(21)
Share buy-back[1]	-	-	(30,831,227)	(846)
Share entitlement issue[2]	-	-	187,105,950	3,497
Balance at end of year	3,003,366,782	29,082	2,989,923,751	28,797
Less: Treasury Shares	-	-	(4,209,150)	-
Balance at end of year	3,003,366,782	29,082	2,985,714,601	28,797

	2023		2022	
The Company	Number of shares	$m	Number of shares	$m
Balance at start of the year	2,989,923,751	28,720	2,823,563,652	25,907
Dividend reinvestment plan issuances	8,406,978	206	7,195,108	183
Bonus option plan	1,657,422	-	2,890,268	-
Employee share and option plans	3,378,631	79	-	(21)
Share buy-back[1]	-	-	(30,831,227)	(846)
Share entitlement issue[2]	-	-	187,105,950	3,497
Balance at end of year	3,003,366,782	29,005	2,989,923,751	28,720

1. The Group completed its $1.5 billion on-market share buy-back of ANZ ordinary shares in 2022, purchasing $846 million worth of shares resulting in 31 million shares being cancelled in 2022.
2. On 18 July 2022, the Group announced a fully underwritten pro rata accelerated renounceable entitlement offer of new ANZ ordinary shares to help fund the Group's anticipated acquisition of Suncorp Bank. All eligible shareholders were invited to purchase one new ordinary share for every 15 existing ordinary shares held on 21 July 2022 at an issue price of $18.90 per share. The Group issued a total of 187.1 million ordinary shares under the offer, raising $3,497 million of new share capital (net of issue costs).

23. SHAREHOLDERS' EQUITY (continued)

NON-CONTROLLING INTERESTS

	Profit attributable to non-controlling interests		Equity attributable to non-controlling interests		Dividend paid to non-controlling interests	
	2023	2022	2023	2022	2023	2022
Consolidated	$m	$m	$m	$m	$m	$m
ANZ Bank New Zealand PPS	26	-	512	484	26	-
Other	2	1	10	10	1	2
Total	28	1	522	494	27	2

ANZ Bank New Zealand Preference Shares

ANZ Bank New Zealand Limited (ANZ Bank New Zealand), a member of the Group, issued $484 million (NZD 550 million) of Perpetual Preference Shares (PPS) on 18 July 2022. These are considered non-controlling interests of the Group.

The key terms of the PPS are as follows:

PPS dividends

PPS dividends are payable at the discretion of the Directors of ANZ Bank New Zealand and are non-cumulative. ANZ Bank New Zealand must not authorise or pay a dividend on its ordinary shares, acquire its ordinary shares or otherwise undertake a capital reduction in respect of its ordinary shares until the next PPS dividend payment date if a PPS dividend is not paid.

Should ANZ Bank New Zealand elect to pay a PPS dividend, the PPS dividend is 6.95% per annum until 18 July 2028, and a floating rate equal to the aggregate of the New Zealand 3 month bank bill rate plus 3.25%, multiplied by one minus the New Zealand company tax rate (where the PPS dividend is fully imputed) thereafter, with PPS dividend payments scheduled to be paid on 18 January, 18 April, 18 July and 18 October each year.

Redemption features

Holders of PPS have no right to require that the PPS be redeemed. ANZ Bank New Zealand may at its option redeem all of the PPS on an optional redemption date (each PPS dividend date from 18 July 2028); or at any time following the occurrence of a tax event or regulatory event, in each case subject to prior written approval of RBNZ and other conditions being met.

23. SHAREHOLDERS' EQUITY (continued)

RECOGNITION AND MEASUREMENT

Ordinary shares	Ordinary shares have no par value. They entitle holders to receive dividends, or proceeds available on winding up of the Company, in proportion to the number of fully paid ordinary shares held. They are recognised at the amount paid per ordinary share net of directly attributable costs. Every holder of fully paid ordinary shares present at a meeting of the Company in person, or by proxy, is entitled to: • on a show of hands, one vote; and • on a poll, one vote, for each share held.
Treasury shares	Treasury shares are shares in the Company which: • the ANZ Employee Share Acquisition Plan purchases on market and have not yet distributed, or • the Company issues to the ANZ Employee Share Acquisition Plan and have not yet been distributed. Treasury shares are deducted from share capital and excluded from the weighted average number of ordinary shares used in the earnings per share calculations.
Reserves:	
Foreign currency translation reserve	Includes differences arising on translation of assets and liabilities into Australian dollars when the functional currency of a foreign operation (including subsidiaries and branches) is not Australian dollars. In this reserve, we reflect any offsetting gains or losses on hedging these exposures, together with any tax effect.
Cash flow hedge reserve	Includes fair value gains and losses associated with the effective portion of designated cash flow hedging instruments together with any tax effect.
FVOCI reserve	Includes changes in the fair value of certain debt securities and equity securities included within Investment Securities together with any tax effect. In respect of debt securities classified as measured at FVOCI, the FVOCI reserve records accumulated changes in fair value arising subsequent to initial recognition, except for those relating to allowance for expected credit losses, interest income and foreign currency exchange gains and losses which are recognised in profit or loss. As debt securities at FVOCI are recorded at fair value, the balance of the FVOCI reserve is net of the ECL allowance associated with such assets. When a debt security measured at FVOCI is derecognised, the cumulative gain or loss recognised in the FVOCI reserve in respect of that security is reclassified to profit or loss and presented in other operating income. In respect of the equity securities classified as measured at FVOCI, the FVOCI reserve records accumulated changes in fair value arising subsequent to initial recognition (including any related foreign exchange gains or losses). When an equity security measured at FVOCI is derecognised, the cumulative gain or loss recognised in the FVOCI reserve in respect of that security is not recycled to profit or loss.
Share option reserve	Includes amounts which arise on the recognition of share-based compensation expense.
Transactions with non-controlling interests reserve	Includes the impact of transactions with non-controlling shareholders in their capacity as shareholders.
Non-controlling interests	Share in the net assets of controlled entities attributable to equity interests which the Group does not own directly or indirectly.

24. CAPITAL MANAGEMENT

CAPITAL MANAGEMENT FRAMEWORK

ANZ's capital management framework includes managing capital at Level 1 and Level 2.

ANZ's framework includes managing to Board approved risk appetite settings and maintaining all regulatory requirements. APRA requirements at Level 1 and Level 2 include ANZ operating at or above APRAs expectation for Domestic Systematically Important Banks (D-SIBs) following the implementation of APRA's Capital Reform which was effective January 2023.

All requirements were satisfied at 30 September 2023.

CAPITAL MANAGEMENT STRATEGY

ANZ's capital management strategy aims to protect the interests of depositors, creditors and shareholders. We achieve this through an Internal Capital Adequacy Assessment Process (ICAAP) whereby ANZ conducts detailed strategic and capital planning over a 3 year time horizon.

The process involves:

- forecasting economic variables, financial performance of ANZ's divisions and the financial impact of new strategic initiatives to be implemented during the planning period;
- performing stress tests under different economic scenarios to determine the level of additional capital (stress capital buffer) needed to absorb losses that may be experienced under an economic downturn;
- reviewing capital ratios and targets across various classes of capital against ANZ's risk profile; and
- developing a capital plan, taking into account capital ratio targets, current and future capital issuances requirements and options around capital products, timing and markets to execute the capital plan under differing market and economic conditions.

The capital plan is approved by the Board and updated as required. The Board and senior management are provided with regular updates of ANZ's capital position. Any material actions required to ensure ongoing prudent capital management are submitted to the Board for approval. Throughout the year, the Group maintained compliance with all the regulatory requirements related to Capital Adequacy in the jurisdictions in which it operates.

24. CAPITAL MANAGEMENT (continued)

REGULATORY ENVIRONMENT

Australia

As the ANZ Bank Group is an Authorised Deposit-taking Institution (ADI) in Australia, it is primarily regulated by APRA under the *Banking Act 1959 (Cth)*. ANZ Bank Group must comply with the minimum regulatory capital requirements, prudential capital ratios and specific reporting levels that APRA sets and which are consistent with the global Basel III capital framework. This is the common framework for determining the appropriate level of bank regulatory capital as set by the Basel Committee on Banking Supervision. APRA minimum requirements are summarised below:

Regulatory Capital Definition

Common Equity Tier 1 (CET1) Capital	Tier 1 Capital	Tier 2 Capital	Total Capital
Shareholders' equity adjusted for specific items.	CET1 Capital plus certain securities with complying loss absorbing characteristics known as Additional Tier 1 Capital.	Subordinated debt instruments which have a minimum term of 5 years at issue date.	Tier 1 plus Tier 2 Capital.

Minimum Prudential Capital Ratios (PCRs)

CET1 Ratio	Tier 1 Ratio	Total Capital Ratio
CET1 Capital divided by total risk weighted assets must be at least 4.5%.	Tier 1 Capital divided by total risk weighted assets must be at least 6.0%.	Total Capital divided by total risk weighted assets must be at least 8.0%. For D-SIBs, Total Capital Ratio must be of at least 11% from 1st Jan 2024. Refer below for details.

Reporting Levels

Level 1	Level 2	Level 3
The ADI on a stand-alone basis (that is ANZBGL and specified subsidiaries which are consolidated to form the ADI's Extended Licensed Entity).	The consolidated Group less certain subsidiaries and associates that are excluded under prudential standards.	A conglomerate ANZGHL Group at the widest level.

As at 30 September 2023, APRA also requires the ADI to hold additional CET1 buffers as follows:

- a capital conservation buffer (CCB) of 4.75% which is inclusive of the additional 1% surcharge for domestically systemically important banks (D-SIBs). APRA has determined that ANZ is a D-SIB.
- a countercyclical capital buffer which is set on a jurisdictional basis. The requirement is currently set at 1% for Australia.

Additionally in December 2021, APRA announced that it requires all D-SIBs including ANZ to increase its minimum total capital ratio requirement by 3% of RWA by January 2024, and a further 1.5% of RWA by January 2026 (total increase of 4.5%). APRA expects this to be predominantly met by Tier 2 Capital, with an equivalent decrease in other senior funding. ANZ is on track to meet these requirements at reporting date.

Insurance and Funds Management

As required by APRA's Prudential Standards, insurance and funds management activities are:

- de-consolidated for the purposes of calculating capital adequacy; and
- excluded from the risk-based capital adequacy framework.

We deduct the investment in these controlled entities 100% from CET1 capital, and if we include any profits from these activities in the ANZ Bank Group's results, then we exclude them from the determination of CET1 capital to the extent they have not been remitted.

Outside Australia

In addition to APRA, ANZ's branch operations and major banking subsidiary operations are also 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. They may impose minimum capital levels on operations in their individual jurisdictions.

24. CAPITAL MANAGEMENT (continued)

APRA Capital Reform

APRA released new bank capital adequacy requirements applying to Australian incorporated registered banks, which are set out in APRA's Banking Prudential Standard documents. ANZ implemented these new requirements from 1 January 2023.

The new capital adequacy key requirements include changes to APS 110 *Capital Adequacy* (APS 110), APS 112 *Capital Adequacy: Standardised Approach to Credit Risk* (APS 112) and APS 113 *Capital Adequacy: Internal Ratings-based Approach to Credit Risk* (APS 113) with key features of the reforms including:

- improving the flexibility of the capital framework through larger capital buffers that can be used by banks to support lending during periods of stress;
- changes to risk weighted assets (RWA) through more risk-sensitive risk weights increasing capital requirements for higher risk lending and decreasing it for lower risks;
- changes to loss given default rates (LGD) including approved use of an internal ratings-based (IRB) approved LGD model for mortgage portfolios;
- an increase in the IRB scaling factor (from 1.06x to 1.1x);
- requirement that IRB ADIs calculate and disclose RWA under the standardised approach and the introduction of a capital floor at 72.5% of standardised RWA; and
- use of prescribed New Zealand authority's equivalent prudential rules for the purpose of calculating the Level 2 regulatory capital requirement.

In addition, operational RWA is now calculated under APS 115 *Capital Adequacy: Standardised Measurement Approach to Operational Risk (APS 115)* which replaced the previous advanced methodology from December 2022.

The application of APRA Capital Reform in January 2023 reduced RWA by $34.5 billion, equivalent to a 100 bps CET1 ratio benefit. This was partially offset by APRA's expectations that ADIs operate a higher capital ratio to maintain an unquestionably strong level.

ANZ BANK GROUP[1]

The following table provides details of ANZ Bank Group's capital adequacy ratios at 30 September:

	Consolidated	
	2023 $m	2022 $m
Qualifying capital		
Tier 1		
Shareholders' equity and non-controlling interests	69,114	66,401
Prudential adjustments to shareholders' equity	(425)	(175)
Gross Common Equity Tier 1 capital	68,689	66,226
Deductions	(10,895)	(10,354)
Common Equity Tier 1 capital	57,794	55,872
Additional Tier 1 capital[2]	8,232	7,686
Tier 1 capital	66,026	63,558
Tier 2 capital[3]	24,959	19,277
Total qualifying capital	90,985	82,835
Capital adequacy ratios (Level 2)		
Common Equity Tier 1	13.3%	12.3%
Tier 1	15.2%	14.0%
Tier 2	5.8%	4.2%
Total capital ratio	21.0%	18.2%
Risk weighted assets	433,327	454,718

1. This information is not within the scope of the external audit of the Group Financial Report by the Group's external auditor, KPMG. The information presented in this table is a regulatory requirement disclosed in Part A of the *APRA Reporting Form (ARF) 110 Capital Adequacy* which will be subject to audit in accordance with *Prudential Standard APS 310 Audit and Related Matters*.
2. This includes Additional Tier 1 capital of $8,232 million (2022: $7,705 million) (refer to Note 16 Debt Issuances), regulatory adjustments and deductions of nil (2022: -$19 million).
3. This includes Tier 2 capital of $23,707 million (2022: $17,907 million) (refer to Note 16 Debt Issuances), general reserve for impairment of financial assets of $1,776 million (2022: $1,233 million) and regulatory adjustments and deductions of -$525 million (2022: $137 million).

25. CONTROLLED ENTITIES

	Incorporated in	Nature of Business
The ultimate parent of the Group is ANZ Group Holdings Limited	Australia	Banking
The Group holds 100% of the voting interests in all controlled entities, unless noted otherwise.		
The material controlled entities of the Group are:		
ANZ Bank (Vietnam) Limited[1]	Vietnam	Banking
ANZ Funds Pty. Ltd.	Australia	Holding Company
ANZ Bank (Kiribati) Limited[1] (75% ownership)	Kiribati	Banking
ANZ Bank (Samoa) Limited[1]	Samoa	Banking
ANZ Bank (Vanuatu) Limited[2]	Vanuatu	Banking
ANZ Holdings (New Zealand) Limited[1]	New Zealand	Holding Company
ANZ Bank New Zealand Limited[1]	New Zealand	Banking
ANZ Investment Services (New Zealand) Limited[1]	New Zealand	Funds Management
ANZ New Zealand (Int'l) Limited[1]	New Zealand	Finance
ANZ New Zealand Investments Holdings Limited[1]	New Zealand	Holding Company
ANZ New Zealand Investments Limited[1]	New Zealand	Funds Management
ANZNZ Covered Bond Trust[1,4]	New Zealand	Finance
ANZ International Private Limited[1]	Singapore	Holding Company
ANZcover Insurance Private Ltd[1]	Singapore	Captive-Insurance
ANZ Lenders Mortgage Insurance Pty. Limited	Australia	Mortgage Insurance
ANZ Residential Covered Bond Trust[4]	Australia	Finance
Australia and New Zealand Bank (China) Company Limited[1]	China	Banking
Australia and New Zealand Banking Group (PNG) Limited[1]	Papua New Guinea	Banking
Citizens Bancorp[3]	Guam	Holding Company
ANZ Guam Inc[3]	Guam	Banking
Institutional Securitisation Services Limited	Australia	Securitisation Manager
PT Bank ANZ Indonesia[1] (99% ownership)	Indonesia	Banking

1. Audited by overseas KPMG firms — either as part of the Group audit, or for standalone financial statements as required.
2. Audited by Law Partners.
3. Audited by Deloitte Guam.
4. Not owned by the Group. Control exists as the Group retains substantially all the risks and rewards of the operations.

CHANGES TO MATERIAL CONTROLLED ENTITIES

ANZ Singapore Limited was deregistered on 18 August 2023. ANZ International (Hong Kong) Limited, ANZ (Thai) Public Company Limited (formerly ANZ Bank (Thai) Public Company Limited), and Chongqing Liangping ANZ Rural Bank Company Limited are in liquidation as at 30 September 2023.

SIGNIFICANT RESTRICTIONS

Controlled entities that are subject to prudential regulation may be required to maintain minimum capital or other regulatory requirements which may, from time to time, limit the entity's ability to transfer assets, pay dividends or make other capital distributions to the parent entity or to other entities in the Group. The Group manages such restrictions within our risk management framework, as outlined in Note 17 Financial Risk Management and our capital management strategy, as outlined in Note 24 Capital Management.

As at 30 September 2023, restrictions on the ability of an entity within the Group to transfer assets, pay dividends or make other capital distributions to other entities in the Group were not material to the liquidity or capital management of the Group.

25. CONTROLLED ENTITIES (continued)

RECOGNITION AND MEASUREMENT

The Group's subsidiaries are those entities it controls through:

- being exposed to, or having rights to, variable returns from the entity; and
- being able to affect those returns through its power over the entity.

The Group assesses whether it has power over those entities by examining the Group's existing rights to direct the relevant activities of the entity.

If the Group sells or acquires subsidiaries during the year, it includes their operating results in the Group results to the date of disposal or from the date of acquisition. When the Group's control ceases, it derecognises the assets and liabilities of the subsidiary, any related non-controlling interest and other components of equity.

If the Group's ownership interest in a subsidiary changes in a way that does not result in a loss of control, then the Group accounts for that as a transaction with equity holders in their capacity as equity holders.

All transactions between Group entities are eliminated on consolidation.

26. INVESTMENTS IN ASSOCIATES

Significant associates of the Group are:

Name of entity	Principal activity	Ordinary share interest 2023	Ordinary share interest 2022	Carrying amount $m 2023	Carrying amount $m 2022
AMMB Holdings Berhad (AmBank)	Banking and insurance	**22%**	22%	**881**	790
PT Bank Pan Indonesia (PT Panin)	Consumer and business bank	**39%**	39%	**1,440**	1,318
Worldline Australia Pty Ltd (Worldline)[1]	Payment and transactional services	-	49%	-	47
Aggregate other individually immaterial associates		-	n/a	-	26
Total carrying value of associates[2]				**2,321**	2,181

1. As part of the Restructure, ANZBGL's investment in Worldline Australia Pty Ltd was transferred to ANZ NBH Pty Ltd.
2. Includes the impact of foreign currency translation recognised in the foreign currency translation reserve.

FINANCIAL INFORMATION ON SIGNIFICANT ASSOCIATES

Set out below is the summarised financial information of each associate that is significant to the Group. The summarised financial information is based on the associates' IFRS financial information and may require the use of unaudited financial information as each associate has a different financial year to the Group (PT Panin 31 December, AmBank 31 March, Worldline 31 December).

	AMMB Holdings Berhad		PT Bank Pan Indonesia		Worldline Australia Pty Ltd[1]	
Principal place of business and country of incorporation	Malaysia		Indonesia		Australia	
	2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m
Summarised results						
Operating income	**1,517**	1,511	**1,273**	1,206	-	57
Profit/(Loss) for the year	**545**	529	**372**	198	-	(21)
Other comprehensive income/(loss)	**87**	(128)	**24**	6	-	-
Total comprehensive income/(loss)	**632**	401	**396**	204	-	(21)
Less: Total comprehensive (income)/loss attributable to non–controlling interests	**(8)**	(18)	**(69)**	25	-	-
Total comprehensive income/(loss) attributable to owners of associate	**624**	383	**327**	229	-	(21)
Summarised financial position						
Total assets[2]	**62,057**	57,220	**20,498**	20,537	-	203
Total liabilities[2]	**58,015**	53,234	**16,928**	17,234	-	90
Total net assets[2]	**4,042**	3,986	**3,570**	3,303	-	113
Less: Non-controlling interests of associate	**(301)**	(402)	**(348)**	(315)	-	-
Net assets attributable to owners of associate	**3,741**	3,584	**3,222**	2,988	-	113
Reconciliation to carrying amount of Group's interest in associate						
Carrying amount at the beginning of the year	**790**	719	**1,318**	1,210	-	-
Acquired	-	-		-		57
Group's share of total comprehensive income/(loss)	**138**	81	**138**	71	-	(10)
Dividends received from associate	**(42)**	(12)	-	(18)	-	-
Foreign currency translation reserve adjustments	**(5)**	2	**(16)**	55	-	-
Carrying amount at the end of the year	**881**	790	**1,440**	1,318	-	47
Market value of Group's investment in associate[3]	**875**	929	**1,167**	2,016	**n/a**	n/a

1. As part of the Restructure, ANZBGL's investment in Worldline Australia Pty Ltd was transferred to ANZ NBH Pty Ltd.
2. Includes market value adjustments (including goodwill) the Group made at the time of acquisition (and adjustments for any differences in accounting policies).

26. INVESTMENTS IN ASSOCIATES (continued)

IMPAIRMENT ASSESSMENT

The Group assesses the carrying value of its associates investments for impairment indicators.

At 30 September 2023, the impairment assessment of non-lending assets identified that one of the Group's associated investments PT Panin had indicators of impairment. No impairment was recognised as its carrying value is supported by its VIU calculations.

RECOGNITION AND MEASUREMENT

An associate is an entity over which the Group has significant influence over its operating and financial policies but does not control. The Group accounts for associates using the equity method. Its investments in associates are carried at cost plus the post-acquisition share of changes in the associate's net assets less accumulated impairments. Dividends the Group receives from associates are recognised as a reduction in the carrying amount of the investment. The Group includes goodwill recognised by the associate in the carrying amount of the investment. It does not individually test the goodwill incorporated in the associates carrying amount for impairment.

At least at each reporting date, the Group reviews investments in associates for any indication of impairment. If an indication of impairment exists, then the Group determines the recoverable amount of the associate using the higher of:

- the associate's fair value less cost of disposal; and
- its value-in-use.

We use a discounted cash flow methodology, and when applicable, other methodologies (such as capitalisation of earnings methodology), to determine the recoverable amount when determining a VIU.

KEY JUDGEMENTS AND ESTIMATES

Investments in associates and joint ventures are assessed at each reporting date and tested for impairment when there is an indication that the investment may be impaired. In addition, the Group is required to assess at each reporting date whether the recoverable amount of the Group's investment has increased to such a level as to support the reversal of prior period impairments.

Significant management judgment is required to determine the key assumptions underpinning the VIU calculation. Factors that may change in subsequent periods and lead to potential future impairments include lower than forecast earnings levels in the near term and/or a decrease in the long term growth forecasts, increases to required levels of regulatory capital and an increase in the post-tax discount rate arising from an increase in the risk premium or risk-free rates.

The key assumptions used in the VIU calculation are outlined below:

As at 30 September 2023	PT Panin
Post-tax discount rate	12.2%
Terminal growth rate	5.0%
Expected earnings growth (compound annual growth rate – 5 years)	5.4%
Common Equity Tier 1 ratio (5 year average)	12.8%

The VIU calculations are sensitive to changes in the underlying assumptions with reasonably possible changes in key assumptions having a positive or negative impact on the VIU outcome, and as such the recoverable amount of the investment.

- A change in the September 2023 post-tax discount rate by +/- 50bps would impact the VIU outcome for PT Panin by $(91 million)/ $105 million.
- A change in the September 2023 terminal growth rate by +/- 25bps would impact the VIU outcome for PT Panin by $55 million/ ($51 million).

The investment would not be impaired if the discount rate were increased or the terminal growth rate reduced by the reasonably possible changes above.

27. STRUCTURED ENTITIES

A Structured Entity (SE) is an entity that has been designed such that voting or similar rights are not the dominant factor in determining who controls the entity. SEs are generally established with restrictions on their ongoing activities in order to achieve narrow and well defined objectives.

SEs are classified as subsidiaries and consolidated when control exists. If the Group does not control a SE, then it is not consolidated. This note provides information on both consolidated and unconsolidated SEs.

The Group's involvement with SEs is as follows:

Type	Details
Securitisation	The Group establishes SEs to securitise customer loans and advances that it has originated, in order to diversify sources of funding for liquidity management. Securitisation programs include customer loans and advances assigned to bankruptcy remote SEs to provide either security for obligations payable on notes issued by the SEs to external investors or create assets held by the Group eligible for repurchase agreements with applicable central banks. The Group retains control over these SEs and therefore they are consolidated. Refer to Note 28 Transfers of Financial Assets for further details. The Group also establishes SEs on behalf of customers to securitise their loans or receivables. The Group may manage these securitisation vehicles or provide liquidity or other support. Additionally, the Group may acquire interests in securitisation vehicles set up by third parties through holding securities issued by such entities. In limited circumstances where control exists, the Group consolidates the SE.
Covered bond issuances	Certain loans and advances have been assigned to bankruptcy remote SEs to provide security for issuances of debt securities by the Group. The Group retains control over these SEs and therefore they are consolidated. Refer to Note 28 Transfers of Financial Assets for further details.
Structured finance arrangements	The Group is involved with SEs established: • in connection with structured lending transactions to facilitate debt syndication and/or to ring-fence collateral; and • to own assets that are leased to customers in structured leasing transactions. The Group may manage the SE, hold minor amounts of the SE's capital, or provide risk management products (derivatives) to the SE. In most instances, the Group does not control these SEs. In limited circumstances where control exists, the Group consolidates the SE.
Funds management activities	The Group is the scheme manager for a number of Managed Investment Schemes (MIS) in New Zealand. These MIS are financed through the issue of units to investors and the Group considers them to be SEs. The Group's interests in these MIS are limited to receiving fees for services or providing risk management products (derivatives). These interests do not create significant exposures that would allow the Group to control the funds. Therefore, these MIS are not consolidated.

CONSOLIDATED STRUCTURED ENTITIES

FINANCIAL OR OTHER SUPPORT PROVIDED TO CONSOLIDATED STRUCTURED ENTITIES

The Group provides financial support to consolidated SEs as outlined below.

Securitisation and covered bond issuances	The Group provides lending facilities, derivatives and commitments to these SEs and/or holds debt instruments they have issued.
Structured finance arrangements	The assets held by these SEs are normally pledged as collateral for financing provided. Certain consolidated SEs are financed entirely by the Group while others are financed by syndicated loan facilities in which the Group is a participant. The financing provided by the Group includes lending facilities where the Group's exposure is limited to the amount of the loan and any undrawn amount. Additionally, the Group has provided Letters of Support to these consolidated SEs confirming that the Group will not demand repayment of the financing provided for the ensuing 12 month period.

The Group did not provide any non-contractual support to consolidated SEs during the year (2022: nil). Other than as disclosed above, the Group does not have any current intention to provide financial or other support to consolidated SEs.

27. STRUCTURED ENTITIES (continued)

UNCONSOLIDATED STRUCTURED ENTITIES

GROUP'S INTEREST IN UNCONSOLIDATED STRUCTURED ENTITIES

An 'interest' in an unconsolidated SE is any form of contractual or non-contractual involvement with a SE that exposes the Group to variability of returns from the performance of that SE. These interests include, but are not limited to: holdings of debt or equity securities; derivatives that pass-on risks specific to the performance of the SE, lending, loan commitments, financial guarantees, and fees from funds management activities.

For the purpose of disclosing interests in unconsolidated SEs:

- no disclosure is made if the Group's involvement is not more than a passive interest - for example: when the Group's involvement constitutes a typical customer-supplier relationship. On this basis, exposures to unconsolidated SEs that arise from lending, trading and investing activities are not considered disclosable interests - unless the design of the structured entity allows the Group to participate in decisions about the relevant activities (being those that significantly affect the entity's returns).
- 'interests' do not include derivatives intended to expose the Group to market-risk (rather than performance risk specific to the SE) or derivatives through which the Group creates, rather than absorbs, variability of the unconsolidated SE (such as purchase of credit protection under a credit default swap).

The table below sets out the Group's interests in unconsolidated SEs together with the maximum exposure to loss that could arise from those interests:

	Securitisation		Structured finance		Total	
	2023 $m	2022 $m	2023 $m	2022 $m	2023 $m	2022 $m
On-balance sheet interests						
Investment securities	2,070	3,352	-	-	2,070	3,352
Gross loans and advances	10,367	9,433	24	43	10,391	9,476
Total on-balance sheet	12,437	12,785	24	43	12,461	12,828
Off-balance sheet interests						
Commitments (facilities undrawn)	3,270	2,078	-	-	3,270	2,078
Guarantees	50	50	-	-	50	50
Total off-balance sheet	3,320	2,128	-	-	3,320	2,128
Maximum exposure to loss	15,757	14,913	24	43	15,781	14,956

In addition to the interests above, the Group earned funds management fees from unconsolidated investment funds of $177 million (2022: $181 million) during the year.

The Group's maximum exposure to loss represents the maximum amount of loss that the Group could incur as a result of its involvement with unconsolidated SEs if loss events were to take place - regardless of the probability of occurrence. This does not in any way represent the actual losses expected to be incurred. Furthermore, the maximum exposure to loss is stated gross of the effects of hedging and collateral arrangements entered into to mitigate ANZ's exposure to loss.

The maximum exposure to loss has been determined as:

- the carrying amount of Investment securities measured at amortised cost; and
- the carrying amount plus the undrawn amount of any committed loans and advances.

The size of unconsolidated SEs is indicated by total assets which vary by SE with the largest single SE having a value of approximately $4.3 billion.

The Group did not provide any non-contractual support to unconsolidated SEs during the year (2022: nil) nor does it have any current intention to provide financial or other support to unconsolidated SEs.

27. STRUCTURED ENTITIES (continued)

SPONSORED UNCONSOLIDATED STRUCTURED ENTITIES

The Group may also sponsor unconsolidated SEs in which it has no disclosable interest.

For the purposes of this disclosure, the Group considers itself the 'sponsor' of an unconsolidated SE if it is the primary party involved in the design and establishment of that SE and:

- the Group is the major user of that SE; or
- the Group's name appears in the name of that SE, or on its products; or
- the Group provides implicit or explicit guarantees of that SE's performance.

The Group has sponsored the ANZ PIE Fund in New Zealand, which invests only in deposits with ANZ Bank New Zealand. The Group does not provide any implicit or explicit guarantees of the capital value or performance of investments in the ANZ PIE Fund. There was no income received from, nor assets transferred to, this entity during the year.

KEY JUDGEMENTS AND ESTIMATES

Significant judgement is required in assessing whether the Group has control over Structured Entities. Judgement is required to determine the existence of:

- power over the relevant activities (being those that significantly affect the entity's returns); and
- exposure to variable returns of the entity.

28. TRANSFERS OF FINANCIAL ASSETS

In the normal course of business the Group enters into transactions where it transfers financial assets directly to third parties or to SEs. These transfers may result in the Group fully, or partially, derecognising those financial assets - depending on the Group's exposure to the risks and rewards or control over the transferred assets. If the Group retains substantially all of the risk and rewards of a transferred asset, the transfer does not qualify for derecognition and the asset remains on the Group's balance sheet in its entirety.

SECURITISATIONS

Net loans and advances include residential mortgages securitised under the Group's securitisation programs which are assigned to bankruptcy remote SEs to provide security for obligations payable on the notes issued by the SEs. The holders of the issued notes have full recourse to the pool of residential mortgages which have been securitised and the Group cannot otherwise pledge or dispose of the transferred assets.

In some instances, the Group is also the holder of the securitised notes issued by the SEs. In addition, the Group is entitled to any residual income of the SEs and sometimes enters into derivatives with the SEs. The Group retains the risks and rewards of the residential mortgages and continues to recognise the mortgages as financial assets.

The Group is exposed to variable returns from its involvement with these securitisation SEs and has the ability to affect those returns through its power over the SEs activities. The SEs are therefore consolidated by the Group.

COVERED BONDS

The Group operates various global covered bond programs to raise funding in its primary markets. Net loans and advances include residential mortgages assigned to bankruptcy remote SEs associated with these covered bond programs. In respect of each program, a covered bond guarantor has guaranteed payments of interest and principal pursuant to a guarantee which is secured over its assets, including these residential mortgages. Substantially all of the assets of each covered bond guarantor consist of that covered bond guarantor's equitable interests in mortgage loans secured by residential real estate.

The covered bond holders have dual recourse to the issuer and the cover pool of assets. The issuer cannot otherwise pledge or dispose of the transferred assets, however, subject to legal arrangements it may repurchase and substitute assets as long as the required cover is maintained.

The Group is required to maintain the cover pool at a level sufficient to cover the bond obligations. In addition, the Group is entitled to any residual income of the covered bond SEs (after all payments to the covered bond holders and external parties) and enters into derivatives with the SEs. The Group retains the majority of the risks and rewards of the residential mortgages and continues to recognise the mortgages as financial assets.

The Group is exposed to variable returns from its involvement with the covered bond SEs and has the ability to affect those returns through its power over the SEs activities. The SEs are therefore consolidated by the Group. The covered bonds issued externally are included within debt issuances.

28. TRANSFERS OF FINANCIAL ASSETS (continued)

REPURCHASE AGREEMENTS

When the Group sells securities subject to repurchase agreements under which we retain substantially all the risks and rewards of ownership, then those assets do not qualify for derecognition. An associated liability is recognised for the consideration received from the counterparty.

STRUCTURED FINANCE ARRANGEMENTS

The Group arranges funding for certain customer transactions through structured leasing. These transactions are recognised on Group's balance sheet as lease receivables or loans. At times, other financial institutions participate in the funding of these arrangements. This participation involves a proportionate transfer of the rights to the assets recognised by the Group. The participating banks have limited recourse to the leased assets and related proceeds. Where the Group continues to be exposed to some of the risks of the transferred assets through a derivative or other continuing involvement, the Group does not derecognise the lease receivable or loan. Instead, the Group recognises an associated liability representing its obligations to the participating financial institutions.

The tables below set out the balance of assets transferred that do not qualify for derecognition, along with the associated liabilities.

	Securitisations[1,2]		Covered bonds		Repurchase agreements		Structured finance arrangements	
	2023	2022	2023	2022	2023	2022	2023	2022
Consolidated	$m	$m	$m	$m	$m	$m	$m	$m
Current carrying amount of assets transferred	886	1,121	31,188	27,575	47,552	52,757	27	36
Carrying amount of associated liabilities	880	1,115	18,223	12,967	44,454	47,229	27	36

	Securitisations[1,2]		Covered bonds		Repurchase agreements		Structured finance arrangements	
	2023	2022	2023	2022	2023	2022	2023	2022
The Company	$m	$m	$m	$m	$m	$m	$m	$m
Current carrying amount of assets transferred	886	1,121	21,017	17,953	42,002	47,846	-	-
Carrying amount of associated liabilities	886	1,121	21,017	17,953	40,080	42,940	-	-

1. Does not include transfers to internal structured entities where there are no external investors.
2. The securitisation noteholders have recourse only to the pool of residential mortgages which have been securitised. The carrying value of securitised assets and the associated liabilities approximates their fair value.

29. SUPERANNUATION AND POST EMPLOYMENT BENEFIT OBLIGATIONS

Set out below is a summary of amounts recognised in the Balance Sheet in respect of the defined benefit superannuation schemes:

	Consolidated		The Company	
	2023 $m	2022 $m	2023 $m	2022 $m
Defined benefit obligation and scheme assets				
Present value of funded defined benefit obligation	(959)	(930)	(839)	(809)
Fair value of scheme assets	1,131	1,123	991	988
Net defined benefit asset	172	193	152	179
As represented in the Balance Sheet				
Net liabilities arising from defined benefit obligations included in Payables and other liabilities	(4)	(6)	(4)	(6)
Net assets arising from defined benefit obligations included in Other assets	176	199	156	185
Net defined benefit asset	172	193	152	179
Weighted average duration of the benefit payments reflected in the defined benefit obligation (years)	11.4	14.8	10.9	14.9

As at the most recent reporting dates of the schemes, the aggregate surplus of net market value of assets over the value of accrued benefits on a funding basis was $53 million (2022: $69 million surplus). In 2023, the Group made defined benefit contributions totalling $2 million (2022: $2 million). It expects to make contributions of approximately $2 million next financial year.

GOVERNANCE OF THE SCHEMES AND FUNDING OF THE DEFINED BENEFIT SECTIONS

The main defined benefit superannuation schemes in which the Group participates operate under trust law and are managed and administered on behalf of the members in accordance with the terms of the relevant trust deed and rules and all relevant legislation. These schemes have corporate trustees, which are wholly owned subsidiaries of the Group. The trustees are the legal owners of the assets, which are held separately from the assets of the Group, and are responsible for setting investment policy and agreeing funding requirements with the employer through the triennial actuarial valuation process.

The Group has defined benefit arrangements in Australia, Japan, New Zealand, Philippines, Taiwan and United Kingdom. The defined benefit section of the ANZ Australian Staff Superannuation Scheme, the ANZ UK Staff Pension Scheme and the ANZ National Retirement Scheme in New Zealand are the three largest plans. They have been closed to new members since 1987, 2004 and 1991 respectively. None of the schemes had a material deficit, or surplus, at the last funding valuation. The Group has no present liability under any of the schemes' trust deeds to fund a deficit (measured on a funding basis). A contingent liability of the Group may arise if any of the schemes were wound up.

RECOGNITION AND MEASUREMENT

Defined benefit superannuation schemes

The Group operates a small number of defined benefit schemes. Independent actuaries calculate the liability and expenses related to providing benefits to employees under each defined benefit scheme. They use the Projected Unit Credit Method to value the liabilities. The balance sheet includes:

- a defined benefit liability if the obligation is greater than the fair value of the schemes assets; and
- an asset (capped to its recoverable amount) if the fair value of the assets is greater than the obligation.

In each reporting period, the movements in the net defined benefit liability are recognised as follows:

- the net movement relating to the current period's service cost, net interest on the defined benefit liability, past service costs and other costs (such as the effects of any curtailments and settlements) as operating expenses;
- remeasurements of the net defined benefit liability (which comprise actuarial gains and losses and return on scheme assets, excluding interest income included in net interest) directly in retained earnings through other comprehensive income; and
- contributions of the Group directly against the net defined benefit position.

Defined contribution superannuation schemes

The Group operates a number of defined contribution schemes. It also contributes (according to local law, in the various countries in which it operates) to Government and other plans that have the characteristics of defined contribution plans. The Group's contributions to these schemes are recognised as personnel expenses when they are incurred.

29. SUPERANNUATION AND POST EMPLOYMENT BENEFIT OBLIGATIONS (continued)

KEY JUDGEMENTS AND ESTIMATES

The main assumptions we use in valuing defined benefit obligations are listed in the table below. A change to any assumptions, or applying different assumptions, could have an effect on the Statement of Other Comprehensive Income and Balance Sheet.

Consolidated	2023	2022	Sensitivity analysis change in significant assumptions	Increase/(decrease) in defined benefit obligation 2023 $m	2022 $m
Discount rate (% p.a.)	1.15-5.6	1.35-5.45	0.5% increase	(43)	(49)
Future salary increases (% p.a.)	2.0-3.5	1.5-3.8			
Future pension indexation					
In payment (% p.a.)/In deferment (% p.a.)	2.9-3.4	3.1-3.5/3.0	0.5% increase	34	32
Life expectancy at age 60 for current pensioners			1 year increase	33	40
– Males (years)	26.3-28.3	26.2-28.3			
– Females (years)	29.2-30.2	29.1-30.2			

The Company	2023	2022	Sensitivity analysis change in significant assumptions	Increase/(decrease) in defined benefit obligation 2023 $m	2022 $m
Discount rate (% p.a.)	5.5-5.6	5.1-5.45	0.5% increase	(38)	(43)
Future salary increases (% p.a.)	3.5	3.8			
Future pension indexation					
In payment (% p.a.)/In deferment (% p.a.)	2.9-3.3/2.8	3.1-3.5/3.0	0.5% increase	29	26
Life expectancy at age 60 for current pensioners			1 year increase	29	35
– Males (years)	26.3-28.3	26.2-28.3			
– Females (years)	29.2-30.2	29.1-30.2			

30. EMPLOYEE SHARE AND OPTION PLANS

On 3 January 2023, ANZBGL established, by a scheme of arrangement, a non-operating holding company, ANZGHL, as the new listed parent holding company of the ANZ Group. There is no impact to employee equity (deferred shares, deferred share rights, restricted rights and performance rights) as a result of the Restructure.

ANZ operates a number of employee share and option schemes under the ANZ Employee Share Acquisition Plan and the ANZ Share Option Plan which are operated by the Company's ultimate parent, ANZGHL. These are Group share based payment arrangements under which shares in ANZGHL (ANZ shares) are allocated or granted to employees of the Group.

ANZ EMPLOYEE SHARE ACQUISITION PLAN

ANZ Employee Share Acquisition Plan schemes that operated during 2023 and 2022 were the Deferred Share Plan and the Variable Pay to Shares (VPS) Offer. The ANZ Incentive Plan (ANZIP) (the variable remuneration plan operating across ANZ) has Short Term Variable Remuneration or Variable Remuneration delivered under the Deferred Share Plan or ANZ Share Option Plan for eligible employees.

Deferred Share Plan

i) ANZ Incentive Plan (ANZIP) – Short term Variable Remuneration (STVR) and Variable Remuneration (VR) – deferred shares

Award Type	STVR (deferred shares)	STVR/VR historical (deferred shares)	VR (deferred shares)
Eligibility	Chief Executive Officer (CEO), Group Executive Committee (ExCo) and Group General Manager Internal Audit (GGM IA)[1].		All other employees (excluding select roles in the United Kingdom (UK)/China[2])
Financial Year (FY) of grant	2022 Performance and Remuneration Review (PRR): granted in FY23	2021 PRR: granted in FY22 Historical grants: on foot during FY23 & FY22	2022 and 2021 PRR: granted in FY23 & FY22 Historical grants: on foot during FY23 & FY22
Grant approach	50% of the CEO, ExCo and GGM IA's Short Term Variable Remuneration (STVR) deferred as shares.	50% of the CEO's STVR, 25% of ExCo's Variable Remuneration (VR) (except for the Chief Risk Officer (CRO)), and 33% of the CRO and GGM IA's VR, deferred as shares.	If VR is at or exceeds AUD 100,000, then 60% of total VR amount is deferred as shares.
Conditions	Deferred over years two and three, where year 1 includes the performance period (i.e., 1 October to 30 September). Granted in late November.		Deferred over years two, three and four, where year 1 includes the performance period. Granted in late November.
Allocation value	Deferred shares granted based on the Volume Weighted Average Price (VWAP) of ANZ shares traded on the ASX in the five trading days leading up to and including 1 October.	Deferred shares granted based on the VWAP of ANZ shares traded on the ASX in the five trading days leading up to and including the date of grant.	

1. All Banking Executive Accountability Regime (BEAR) Accountable Executives.
2. Specific deferral arrangements also exist under ANZIP for roles defined as UK Material Risk Takers (MRTs) and China MRTs, in line with local regulatory requirements.

ii) Exceptional circumstances

Remuneration foregone	In exceptional circumstances, we grant deferred shares to certain employees when they start with ANZ to compensate them for remuneration they have forgone from their previous employer. The vesting period generally aligns with the remaining vesting period of the remuneration they have forgone, and therefore varies between grants.
Retention	We may grant deferred shares to high performing employees who are regarded as a significant retention risk to ANZ.

30. EMPLOYEE SHARE AND OPTION PLANS (continued)

iii) Further information

Cessation	Unless the Board[1] decides otherwise, employees forfeit their unvested deferred shares if they resign, are terminated on notice, or are dismissed for serious misconduct. The deferred shares may be held in trust beyond the deferral period.
Dividends	Dividends are reinvested in the Dividend Reinvestment Plan.
Instrument	Deferred share rights may be granted instead of deferred shares in some countries as locally appropriate (see deferred share rights section).
Expensing value (fair value)	We expense the fair value of deferred shares on a straight-line basis over the relevant vesting period and we recognise the expense as a share-based compensation expense with a corresponding increase in equity. Deferred shares are expensed based on the one-day VWAP at the date of grant.
2023 and 2022 grants	During the 2023 year, we granted 2,244,181 deferred shares (2022: 1,971,715) with a weighted average allocation value of $24.37 (2022: $27.52).
Downward adjustment	Deferred shares remain at risk and the Board has the discretion to adjust the number of deferred shares downwards, including to zero at any time before the vesting date (malus), and limited to select employees[2], recovery post vesting (i.e., clawback). ANZ's downward adjustment provisions are detailed in section 7.3 of the 2023 Remuneration Report. Board discretion was not exercised to apply malus or clawback to any deferred shares in 2023 (2022: nil).

1. References to 'the Board' throughout this note means the Boards of ANZGHL and ANZBGL.
2. Clawback applies to the CEO, ExCo and GGM IA (for awards granted in 2023 financial year), and to select senior employees in jurisdictions where clawback regulations apply.

Variable Pay to Shares (VPS) Offer

Eligibility, grant approach and conditions	VPS provides employees in Australia the opportunity to receive up to $1,000 worth of ANZ shares with concessional tax treatment (where criteria are met). All ANZ shares are held by a custodian or nominee appointed by the Trustee on the Trustee's behalf and are restricted for 3 years. During this time employees benefit from dividend payments which are reinvested through the Dividend Reinvestment Plan (DRP) and have voting entitlements. After the restriction period has been reached the shares can sold or transferred.
Allocation value	Granted based on the VWAP of ANZ shares traded on the ASX in the five trading days leading up to and including the date of grant.
Expensing value (fair value)	Expensed based on the one-day VWAP at the date of grant.
2023 grants	During the 2023 year, we granted 55,600 shares on 22 November 2022 at an issue price of $24.46 (no grants were made in relation to the VPS Offer in the 2022 year).

Expensing of the ANZ Employee Share Acquisition Plan

Expensing value (fair value)	The fair value of shares we granted during 2023 under the Deferred Share Plan and VPS Offer, measured as at the date of grant of the shares, is $56.5 million (2022: $52.6 million Deferred Share Plan only) based on 2,299,781 shares (2022: 1,971,715 Deferred Share Plan only) at VWAP of $24.57 (2022: $26.69).

30. EMPLOYEE SHARE AND OPTION PLANS (continued)

ANZ SHARE OPTION PLAN

Allocation	We may grant selected employees options/rights which entitle them to acquire fully paid ordinary ANZ shares at a fixed price at the time the options/rights vest. Voting and dividend rights will be attached to the ordinary shares allocated on exercise of the options/rights. Each option/right entitles the holder to one ordinary share subject to the terms and conditions imposed on grant. Exercise price of options, determined in accordance with the rules of the plan, is generally based on the VWAP of the shares traded on the ASX in the week leading up to and including the date of grant. For rights, the exercise price is nil.
Rules	Prior to the exercise of the option/right if ANZ changes its share capital due to a bonus share issue, pro-rata new share issue or reorganisation the following adjustments are required: • Issue of bonus shares - When the holder exercises their option, they are also entitled to be issued the number of bonus shares they would have been entitled to had they held the underlying shares at the time of the bonus issue; • Pro-rata share offer - We will adjust the exercise price of the option in the manner set out in the ASX Listing Rules; and • Reorganisation - In respect of rights, if there is a bonus issue or reorganisation of ANZ's share capital, then the Board may adjust the number of rights or the number of underlying shares so that there is no advantage or disadvantage to the holder. Holders otherwise have no other entitlements to participate: • in any new issue of ANZ securities before they exercise their options/rights; or • in a share issue of a body corporate other than ANZ (such as a subsidiary). Any portion of the award which vests may, at the Boards discretion, be satisfied by a cash equivalent payment rather than shares.
Expensing value (fair value)	We expense the fair value of options/rights on a straight-line basis over the relevant vesting period and we recognise the expense as a share-based compensation expense with a corresponding increase in equity. Factors considered in determining the fair value include: the market performance conditions, share price volatility, life of the instrument, dividend yield, and share price at grant date.
Satisfying vesting	Any portion of the award of options/rights (that have met the applicable time and performance conditions) may be satisfied by a cash equivalent payment rather than shares at Board discretion. In financial year 2023, all deferred share rights were satisfied through a share allocation, other than 70,231 deferred share rights (2022: 55,977) for which a cash payment was made. There were no performance rights (PR) due to vest in financial year 2023, as a result of a change in the performance period from three years to four years. In financial year 2022, the PR that vested (previously granted in November/December 2018) were satisfied through a share allocation, other than 24,011 PR for which a cash payment was made.
Cessation	The provisions that apply if the employee's employment ends are in section 10.2.3 of the 2023 Remuneration Report.
Downward adjustment	As per Deferred Share Plan.

30. EMPLOYEE SHARE AND OPTION PLANS (continued)

Option Plans that operated during 2023 and 2022

i) Long Term Variable Remuneration (LTVR) and Variable Remuneration (VR) - restricted rights (RR), performance rights (PR), and deferred share rights (DSR)

Award Type	LTVR (RR & PR)	LTVR / VR historical (PR)	ANZIP VR (DSR)
Eligibility	CEO, ExCo and GGM IA[1]	CEO and ExCo[1]	All other employees (excluding select roles in the UK/China[2]) in countries where DSR may be granted instead of deferred shares
FY of grant	2022 PRR: granted in FY23	2021 PRR: granted in FY22 Historical grants: on foot during FY23 & FY22	2022 and 2021 PRR: granted in FY23 & FY22 Historical grants: on foot during FY23 & FY22
Grant approach	50% of the CEO and ExCo's (except for the CRO) LTVR was received as RR and 50% as PR. 100% of the CRO and GGM IA's LTVR was received as RR.	100% of the CEO's LTVR and 50% of ExCo's VR (except for the CRO who received 50% VR as DSR instead) was received as PR.	If VR is at or exceeds AUD 100,000, then 60% of total VR amount is deferred.
Conditions	RR and PR provide a right to acquire one ordinary ANZ share at nil cost – subject to time and performance conditions. Awarded subject to: • RR: pre-grant assessment (risk-based measures) • RR and PR: shareholder approval at Annual General Meeting (AGM) for CEO award Performance condition tested at end of four-year performance period: • RR: pre-vest assessment (risk-based measures) • PR: relative and absolute Total Shareholder Return (TSR) hurdles Deferral period[3] = four-year performance period (commencing 1 October) + holding period (which commences the day after end of performance period and finishes on the 4th, 5th or 6th anniversary of grants (CEO only for year 6)). Further details provided in section 7.2 of the 2023 Remuneration Report.	Awarded at the end of the year subject to shareholder approval at AGM for CEO award. PR performance condition tested (relative and absolute TSR hurdles) at the end of four-year performance period. The four-year performance period commenced on 22 November to 21 November four years later. The deferral period is four years. Further details are provided in section 5.2.3a of the 2021 Remuneration Report.	DSR provide a right to acquire one ordinary ANZ share at nil cost after a specified vesting period. Deferred over years two, three and four, where year 1 includes the performance period.
Allocation value	Face value of ANZ shares traded on the ASX in the five trading days leading up to and including 1 October (beginning of the financial year).		The fair value at the date of grant is used to determine the number of DSR to be allocated and is also used for expensing purposes. The fair value is adjusted for the absence of dividends during the vesting period.

1. All BEAR Accountable Executives.
2. Specific deferral arrangements also exist under ANZIP for roles defined as UK MRTs and China MRTs, in line with local regulatory requirements.
3. A dividend equivalent payment (DEP) is paid in cash at the end of the relevant deferral period, but is only made to the extent that all or part of the underlying rights meet the relevant performance condition and vest to the individual. Dividend equivalents accrue over the full deferral period for RR, and only during the holding period for PR.

30. EMPLOYEE SHARE AND OPTION PLANS (continued)

Award Type	LTVR (RR & PR)	LTVR / VR historical (PR)	ANZIP VR (DSR)
Allocation timing	LTVR awarded around late November/December (subject to shareholder approval for CEO). Start of FY	End of FY	Granted in late November.
2023 grants	During 2023, we granted 393,419 RR and 325,880 PR (2022: 542,747 PR).		During 2023, we granted 2,386,278 DSR (no performance hurdles) (2022: 2,576,907).
Downward adjustment	Board discretion was not exercised to apply malus or clawback to any RR or PR in 2023 (2022: nil PR).		Board discretion was not exercised to apply malus or clawback to any deferred share rights in 2023 (2022: nil).

ii) Exceptional circumstances

Remuneration forgone Retention	As per Deferred Share Plan in countries where DSR may be granted instead of deferred shares.

Options, Deferred Share Rights, Restricted Rights and Performance Rights on Issue

As at 10 November 2023, there were 396 holders of 4,839,042 DSR on issue, 10 holders of 362,991 RR on issue and 10 holders of 1,510,080 PR on issue.

Options/Rights Movements

This table shows the options/rights over unissued ANZ shares and their related weighted average (WA) exercise prices as at the beginning and end of 2023 and the movements during 2023:

	Opening balance 1 Oct 2022	Granted	Forfeited[1]	Expired	Exercised	Closing balance 30 Sep 2023
Number of options/rights	6,209,040	3,105,577	(428,483)	0	(2,166,618)	6,719,516
WA exercise price	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
WA closing share price						$24.30
WA remaining contractual life						1.9 years
WA exercise price of all exercisable options/rights outstanding						$0.00
Outstanding exercisable options/rights						124,377

This table shows the options/rights over unissued ANZ shares and their related weighted average exercise prices as at the beginning and end of 2022 and the movements during 2022:

	Opening balance 1 Oct 2021	Granted	Forfeited[1]	Expired	Exercised	Closing balance 30 Sep 2022
Number of options/rights	6,307,778	3,119,654	(747,744)	0	(2,470,648)	6,209,040
WA exercise price	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
WA closing share price						$25.56
WA remaining contractual life						1.9 years
WA exercise price of all exercisable options/rights outstanding						$0.00
Outstanding exercisable options/rights						141,633

1. Refers to any circumstance where equity can be forfeited (for example on cessation, downward adjustment or performance conditions not met).

All of the shares issued as a result of the exercise of options/rights during 2023 and 2022, were issued at a nil exercise price.

30. EMPLOYEE SHARE AND OPTION PLANS (continued)

As at the date of the signing of the Directors' Report on 10 November 2023:

- no options/rights over ordinary shares have been granted since the end of 2023; and
- no shares issued as a result of the exercise of options/rights since the end of 2023.

Fair Value Assumptions

When determining the fair value, we apply the standard market techniques for valuation, including Monte Carlo and/or Black Scholes pricing models. We do so in accordance with the requirements of AASB 2 *Share-based Payments*. The models take into account early exercise of vested equity, non-transferability and internal/external performance hurdles (if any).

The table below shows the significant assumptions we used as inputs into our fair value calculation of instruments granted during the period. We present the values as weighted averages, but the specific values we use for each allocation are the ones we use for the fair value calculation.

	2023			2022	
	Deferred share rights	Restricted rights	Performance rights	Deferred share rights	Performance rights
Exercise price ($)	0.00	0.00	0.00	0.00	0.00
Share closing price at grant date ($)	24.67	24.54	24.51	26.62	26.92
Expected volatility of ANZ share price (%)[1]	20.0	20.0	20.0	20.0	20.0
Equity term (years)	2.1	6.6	6.6	2.2	6.0
Vesting period (years)	2.0	4.6	4.6	2.1	4.0
Expected life (years)	2.0	4.6	4.6	2.1	4.0
Expected dividend yield (%)	6.25	6.25	6.25	5.50	5.50
Risk free interest rate (%)	3.20	3.36	3.36	0.80	1.25
Fair value ($)	21.81	18.61	9.85	23.71	10.38

1. Expected volatility represents a measure of the amount by which ANZ's share price is expected to fluctuate over the life of the rights. The measure of volatility used in the model is the annualised standard deviation of the continuously compounded rates of return on the historical share price over a defined period of time preceding the date of grant. This historical average annualised volatility is then used to estimate a reasonable expected volatility over the expected life of the rights.

SATISFYING EQUITY AWARDS

All shares underpinning equity awards may be purchased on market, reallocated or be newly issued shares, or a combination.

The equity we purchased on market during the 2023 financial year (either under the ANZ Employee Share Acquisition Plan and the ANZ Share Option Plan, or to satisfy options or rights) for all employees amounted to 816,023 shares at an average price of $24.35 per share (2022: 4,230,962 shares at an average price of $27.57 per share).

31. RELATED PARTY DISCLOSURES

KEY MANAGEMENT PERSONNEL COMPENSATION

Key Management Personnel (KMP) are Directors of ANZBGL (whether executive directors or otherwise), and those personnel with a key responsibility for the strategic direction and management of the Group (i.e., members of the Group Executive Committee (ExCo)) who have Banking Executive Accountability Regime (BEAR) accountability and who report to the Chief Executive Officer (CEO). KMP compensation included within total personnel expenses in Note 4 Operating Expenses is as follows:

	Consolidated	
	2023[1] $'000	2022 $'000
Short-term benefits	21,072	18,294
Post-employment benefits	483	394
Other long-term benefits	212	160
Termination benefits	31	-
Share-based payments	8,303	7,368
Total	30,101	26,216

1. Includes former disclosed KMP until the end of their employment.

KEY MANAGEMENT PERSONNEL LOAN TRANSACTIONS

Loans made to KMP are made in the ordinary course of business and on normal commercial terms and conditions that are no more favourable than those given to other employees or customers, including the term of the loan, security required and the interest rate. No amounts have been written off during the period, or individual provisions raised in respect of these balances. Details of the terms and conditions of lending products can be found on anz.com. The aggregate balance of loans (including credit card balances) made, guaranteed or secured, and undrawn facilities to KMP including their related parties, were as follows:

	Consolidated		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Loans advanced[1]	31,068	30,679	21,824	17,610
Undrawn facilities[1]	1,582	2,020	1,373	1,822
Interest charged[2]	1,346	790	523	293

1. Balances are as at the balance date (for KMP in office at balance date) or at the date of cessation of former KMP. Comparatives have been amended to include opening balances (at date of commencement) for new KMP in the current period.
2. Interest charged is for all KMP's during the period.

KEY MANAGEMENT PERSONNEL HOLDINGS OF ANZ SECURITIES

KMP, including their related parties, held the Company's subordinated debt and following the Restructure, shares, share rights and options over shares in the ultimate controlling entity, ANZ Group Holdings Limited directly, indirectly or beneficially as shown below:

	Consolidated	
	2023 Number	2022 Number
Shares, options and rights[1]	3,478,840	2,842,789
Subordinated debt[1]	26,140	26,140

1. Balances are as at the balance sheet date (for KMP in office at balance sheet date) or at the date of cessation of former KMP. Comparatives have been amended to include opening balances (at date of commencement) for new KMP in the current period.

31. RELATED PARTY DISCLOSURES (continued)

OTHER TRANSACTIONS OF KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES

The aggregate of deposits of KMP and their related parties with the Group were $41 million (2022: $30 million) and with the Company were $27 million (2022: $21 million).

Other transactions with KMP and their related parties included amounts paid to the Group in respect of investment management service fees, brokerage and bank fees and charges. The Group has reimbursed KMP for the costs incurred for security and secretarial services associated with the performance of their duties. These transactions are conducted on normal commercial terms and conditions no more favourable than those given to other employees or customers. Gifts were provided to KMP on retirement amounting to $2,476 during the year (2022: $4,944).

ASSOCIATES

We disclose significant associates in Note 26 Investments in Associates. During the course of the financial year, transactions conducted with all associates were on terms equivalent to those made on an arm's length basis.

	Consolidated		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Amounts receivable from associates	13	86,469	-	18,572
Amounts payable to associates	990	102,042	-	101,198
Interest revenue from associates	9,391	5,570	7,860	4,477
Interest expense to associates	353	34	307	26
Other revenue from associates	5,816	14,296	5,816	14,296
Other expenses paid to associates	3,088	11,159	704	8,592
Guarantees given to associates	-	72	-	72
Dividend income from associates	42,316	38,692	-	-
Undrawn facilities	-	94,097	-	94,097

There have been no material guarantees given or received. No amounts receivable from the associates have been written-off during the period, or individual provisions raised in respect of these balances.

SUBSIDIARIES

We disclose material controlled entities in Note 25 Controlled Entities. During the financial year, subsidiaries conducted transactions with each other and with associates on terms equivalent to those on an arm's length basis. As at 30 September 2023, we consider all outstanding amounts on these transactions to be fully collectible.

Other intragroup transactions include providing management and administrative services, staff training, data processing facilities, transfer of tax losses, and the leasing of premises and equipment. The Company also issued letters of comfort and guarantees in respect of certain subsidiaries in the normal course of business.

31. RELATED PARTY DISCLOSURES (continued)

RELATED ENTITIES

Following the Restructure of the Group on 3 January 2023, ANZ Group Holdings Limited became the ultimate controlling entity of the Group and ANZ Bank HoldCo became the immediate parent entity of ANZBGL. Since the Restructure, a number of transactions have occurred between the Group and related parties within the ANZ Group. These transactions include leasing arrangements, funding activities, deposits and tax funding arrangements.

Additionally, as part of the Restructure, certain associate entities of the Group were transferred to ANZ NBH Pty Ltd. Following the transfer, these investments ceased being associates of the Group and became other related parties of the Group.

These transactions are conducted on terms equivalent to those on an arm's length basis. As at 30 September 2023, we consider all outstanding amounts on these transactions to be fully recoverable.

The following balances with related ANZ Group entities were outstanding at 30 September 2023:

	2023 $m
Amounts due from ultimate controlling entity	85
Amounts due from other related entities	696
Amounts due to ultimate controlling entity	1
Amounts due to other related entities	270
Deposits from ultimate controlling entity	183
Deposits from other related entities	111
Undrawn facilities for other related entities	31

During 2023, the following transactions occurred with related ANZ Group entities:

	2023 $m
Dividend paid to parent entity	4,387
Interest paid to ultimate controlling entity	6
Interest paid to other related entities	26
Interest received from other related entities	42
Other revenue received from other related entities	18

In addition, ANZBGL has right-of-use assets of $689 million and lease liabilities of $815 million with ANZ Group Services Pty Ltd at 30 September 2023. For the year ended 30 September 2023, the associated depreciation on the right-of-use assets was $36 million and interest paid on the lease liabilities was $15 million (the interest paid on lease liabilities has been included in the table above within interest paid to other related entities).

32. COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

CREDIT RELATED COMMITMENTS AND CONTINGENCIES

	Consolidated		The Company	
	2023 $m	2022 $m	2023 $m	2022 $m
Contract amount of:				
Undrawn facilities	**240,711**	236,051	**206,405**	201,204
Guarantees and letters of credit	**23,556**	23,729	**20,816**	21,557
Performance related contingencies	**26,615**	26,036	**25,891**	24,634
Total	**290,882**	285,816	**253,112**	247,395

UNDRAWN FACILITIES

The majority of undrawn facilities are subject to customers maintaining specific credit and other requirements or conditions. Many of these facilities are expected to be only partially used, and others may never be used at all. As such, the total of the nominal principal amounts is not necessarily representative of future liquidity risks or future cash requirements. Based on the earliest date on which the Group or the Company may be required to pay, the full amount of undrawn facilities for the Group and the Company mature within 12 months.

GUARANTEES, LETTERS OF CREDIT AND PERFORMANCE RELATED CONTINGENCIES

Guarantees, letters of credit and performance related contingencies relate to transactions that the Group has entered into as principal – including guarantees, standby letters of credit and documentary letters of credit.

Documentary letters of credit involve the Group issuing letters of credit guaranteeing payment in favour of an exporter. They are secured against an underlying shipment of goods or backed by a confirmatory letter of credit from another bank.

Performance-related contingencies are liabilities that oblige the Group to make payments to a third party if the customer fails to fulfil its non-monetary obligations under the contract.

To reflect the risk associated with these transactions, we apply the same credit origination, portfolio management and collateral requirements that we apply to loans. The contract amount represents the maximum potential amount that we could lose if the counterparty fails to meet its financial obligations. As the facilities may expire without being drawn upon, the notional amounts do not necessarily reflect future cash requirements. Based on the earliest date on which the Group or the Company may be required to pay, the full amount of guarantees and letters of credit and performance-related contingencies for the Group and the Company mature within 12 months.

OTHER CONTINGENT LIABILITIES

There are outstanding court proceedings, claims and possible claims for and against the Group. Where relevant, expert legal advice has been obtained and, in the light of such advice, provisions (refer to Note 22 Other Provisions) and/or disclosures as deemed appropriate have been made. In some instances we have not disclosed the estimated financial impact of the individual items either because it is not practicable to do so or because such disclosure may prejudice the interests of the Group.

A description of contingent liabilities and contingent assets as at 30 September 2023 is set out below.

REGULATORY AND CUSTOMER EXPOSURES

The Group regularly engages with its regulators in relation to regulatory investigations, surveillance and reviews, reportable situations, civil enforcement actions (whether by court action or otherwise), formal and informal inquiries and regulatory supervisory activities in Australia and globally. The Group has received various notices and requests for information from its regulators as part of both industry-wide and Group-specific reviews and has also made disclosures to its regulators at its own instigation. The nature of these interactions can be wide ranging and, for example, include or have included in recent years a range of matters including responsible lending practices, regulated lending requirements, product suitability and distribution, interest and fees and the entitlement to charge them, customer remediation, wealth advice, insurance distribution, pricing, competition, conduct in financial markets and financial transactions, capital market transactions, anti-money laundering and counter-terrorism financing obligations, privacy obligations and information security, business continuity management, reporting and disclosure obligations and product disclosure documentation. There may be exposures to customers which are additional to any regulatory exposures. These could include class actions, individual claims or customer remediation or compensation activities. The outcomes and total costs associated with such reviews and possible exposures remain uncertain.

32. COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (continued)

OTHER CONTINGENT LIABILITIES (continued)

SOUTH AFRICAN RATE ACTION

In February 2017, the South African Competition Commission commenced proceedings against local and international banks including the Company alleging breaches of the cartel provisions of the *South African Competition Act* in respect of trading in the South African rand. The potential civil penalty or other financial impact is uncertain.

CAPITAL RAISING ACTION

In September 2018, the Australian Securities and Investments Commission (ASIC) commenced civil penalty proceedings against the Company alleging failure to comply with continuous disclosure obligations in connection with the Company's August 2015 underwritten institutional share placement. In October 2023, the Federal Court of Australia found that the Company should have notified the ASX of the joint lead managers' take-up of placement shares. No order has yet been made in respect of payment of legal costs or the amount of a civil penalty. The maximum penalty is $1 million.

ESANDA DEALER CAR LOAN LITIGATION

In August 2020, a class action was brought against the Company alleging unfair conduct, misleading or deceptive conduct and equitable mistake in relation to the use of flex commissions in dealer arranged Esanda car loans. The Company is defending the allegations.

ONEPATH SUPERANNUATION LITIGATION

In December 2020, a class action was brought against OnePath Custodians, OnePath Life and the Company alleging that OnePath Custodians breached its obligations under superannuation legislation, and its duties as trustee, in respect of superannuation investments and fees. The claim also alleges that the Company was involved in some of OnePath Custodians' investment breaches. The Company is defending the allegations.

NEW ZEALAND LOAN INFORMATION LITIGATION

In September 2021, a representative proceeding was brought against ANZ Bank New Zealand Limited, alleging breaches of disclosure requirements under consumer credit legislation in respect of variation letters sent to certain loan customers. ANZ Bank New Zealand Limited is defending the allegations.

CREDIT CARDS LITIGATION

In November 2021, a class action was brought against the Company alleging that certain interest terms in credit card contracts were unfair contract terms and that it was unconscionable for the Company to rely on them. The Company is defending the allegations.

ROYAL COMMISSION

The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry released its final report on 4 February 2019. Following the Royal Commission there have been, and continue to be, additional costs and further exposures, including exposures associated with further regulator activity or potential customer exposures such as class actions, individual claims or customer remediation or compensation activities. The outcomes and total costs associated with these possible exposures remain uncertain.

SECURITY RECOVERY ACTIONS

Various claims have been made or are anticipated, arising from security recovery actions taken to resolve impaired assets. These claims will be defended.

WARRANTIES, INDEMNITIES AND PERFORMANCE MANAGEMENT FEES

The Group has provided warranties, indemnities and other commitments in favour of the purchaser and other persons in connection with various disposals of businesses and assets and other transactions, covering a range of matters and risks. It is exposed to claims under those warranties, indemnities and commitments, some of which are currently active. The outcomes and total costs associated with these exposures remain uncertain.

The Group has entered an arrangement to pay performance management fees to external fund managers in the event predetermined performance criteria are satisfied in relation to certain Group investments. The satisfaction of the performance criteria and associated performance management fee remains uncertain.

32. COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (continued)

OTHER CONTINGENT LIABILITIES (continued)

CLEARING AND SETTLEMENT OBLIGATIONS

Certain group companies have a commitment to comply with rules governing various clearing and settlement arrangements which could result in a credit risk exposure and loss if another member institution fails to settle its payment clearing activities. The Group's potential exposure arising from these arrangements is unquantifiable in advance.

Certain group companies hold memberships of central clearing houses, including ASX Clear (Futures), London Clearing House (LCH), SwapClear and RepoClear, Korea Exchange (KRX), Hong Kong Exchange (HKEX), Clearing Corporation of India and the Shanghai Clearing House. These memberships allow the relevant group company to centrally clear derivative instruments in line with cross-border regulatory requirements. Common to all of these memberships is the requirement for the relevant group company to make default fund contributions. In the event of a default by another member, the relevant group company could potentially be required to commit additional default fund contributions which are unquantifiable in advance.

PARENT ENTITY GUARANTEES

Certain group companies have issued letters of comfort and guarantees in respect of certain subsidiaries in the normal course of business. Under these letters and guarantees, the issuing entity undertakes to ensure that those subsidiaries continue to meet their financial obligations, subject to certain conditions including that the subsidiary remains a controlled entity.

SALE OF GRINDLAYS BUSINESS

On 31 July 2000, the Company completed the sale to Standard Chartered Bank (SCB) of ANZ Grindlays Bank Limited (Grindlays) and certain other businesses. The Company provided warranties and indemnities relating to those businesses.

The indemnified matters include civil penalty proceedings and criminal prosecutions brought by Indian authorities against Grindlays and certain of its officers, in relation to certain transactions conducted in 1991 that are alleged to have breached the *Foreign Exchange Regulation Act, 1973*. Civil penalties were imposed in 2007 which are the subject of appeals. The criminal prosecutions are being defended.

CONTINGENT ASSETS

NATIONAL HOUSING BANK

The Company is pursuing recovery of the proceeds of certain disputed cheques which were credited to the account of a former Grindlays customer in the early 1990s.

The disputed cheques were drawn on the National Housing Bank (NHB) in India. Proceedings between Grindlays and NHB concerning the proceeds of the cheques were resolved in early 2002.

Recovery is now being pursued from the estate of the Grindlays customer who received the cheque proceeds. Any amounts recovered are to be shared between the Company and NHB.

33. AUDITOR FEES

	Consolidated		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
KPMG Australia				
Audit or review of financial reports[1]	9,567	8,217	9,134	7,726
Audit-related services[2]	3,882	6,037	3,808	5,956
Non-audit services[3]	10	8	10	8
Total[4]	13,459	14,262	12,952	13,690
Overseas related practices of KPMG Australia				
Audit or review of financial reports	6,157	5,808	1,994	2,033
Audit-related services[2]	1,933	1,459	911	831
Non-audit services[3]	95	-	-	-
Total	8,185	7,267	2,905	2,864
Total auditor fees	21,644	21,529	15,857	16,554

1. Includes audit fees paid on behalf of other entities outside the Group.
2. Group audit-related services comprise prudential and regulatory services of $4.11 million (2022: $6.26 million), comfort letters $0.57 million (2022: $0.52 million) and other services $1.14 million (2022: $0. 71 million). Company audit-related services comprise prudential and regulatory services of $3.69 million (2022: $5.90 million), comfort letters $0.53 million (2022: $0.48 million) and other services $0.50 million (2022: $0.41 million).
3. The nature of non-audit services for the Group and the Company includes methodology, procedural and administrative reviews. Further details are provided in the Directors' Report.
4. Inclusive of goods and services tax.

The Group's Policy allows KPMG Australia or any of its related practices to provide assurance and other audit-related services that, while outside the scope of the statutory audit, are consistent with the role of an external auditor. These include regulatory and prudential reviews requested by regulators such as APRA. Any other services that are not audit or audit-related services are non-audit services. The Policy allows certain non-audit services to be provided where the service would not contravene auditor independence requirements. KPMG Australia or any of its related practices may not provide services that are perceived to be in conflict with the role of the external auditor or breach auditor independence. These include consulting advice and subcontracting of operational activities normally undertaken by management, and engagements where the external auditor may ultimately be required to express an opinion on its own work.

34. PENDING ORGANISATIONAL CHANGES IMPACTING FUTURE REPORTING PERIODS

Suncorp Bank Acquisition

On 18 July 2022, the ANZ Group announced an agreement to purchase 100% of the shares in SBGH Limited, the immediate non-operating holding company of Suncorp Bank. The acquisition was subject to Australian Competition and Consumer Commission (ACCC) authorisation or approval. The ACCC declined to grant authorisation for this acquisition in August 2023 and this decision is currently subject to review by the Australian Competition Tribunal. In addition, the acquisition remains subject to satisfaction of certain conditions, including Federal Treasurer approval and certain amendments to the *State Financial Institutions and Metway Merger Act 1996 (QLD)*. ANZBGL will also have a termination right under the Suncorp Bank Sale Agreement if APRA issues a written communication to ANZBGL under or in connection with APS 222 *Associations with Related Entities* to the effect that ANZBGL must not proceed with completion of the acquisition. Assuming these conditions are satisfied, and merger approval is granted, it is expected to occur in mid-calendar year 2024.

35. EVENTS SINCE THE END OF THE FINANCIAL YEAR

There have been no significant events from 30 September 2023 to the date of signing this report.

Directors' Declaration

The Directors of Australia and New Zealand Banking Group Limited declare that:

a) in the Directors' opinion, the financial statements and notes of the Company and the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:

   i) section 296, that they comply with the Australian Accounting Standards and any further requirements of the *Corporations Regulations 2001*; and

   ii) section 297, that they give a true and fair view of the financial position of the Company and the Consolidated Entity as at 30 September 2023 and of their performance for the year ended on that date; and

b) the notes to the financial statements of the Company and the Consolidated Entity include a statement that the financial statements and notes of the Company and the Consolidated Entity comply with International Financial Reporting Standards; and

c) the Directors have been given the declarations required by section 295A of the *Corporations Act 2001*; and

d) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

Paul D O'Sullivan
Chairman

Shayne C Elliott
Managing Director

10 November 2023

TO THE SHAREHOLDER OF AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

REPORT ON THE AUDITS OF THE FINANCIAL REPORTS

OPINIONS

We have audited the consolidated **Financial Report** of Australia and New Zealand Banking Group Limited (the Group Financial Report). We have also audited the Financial Report of Australia and New Zealand Banking Group Limited (the Company Financial Report).

In our opinion, each of the accompanying Group Financial Report and Company Financial Report are in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group**'s and of the **Company**'s financial position as at 30 September 2023 and of their financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001.*

The respective **Financial Report** comprises:

- Balance sheets as at 30 September 2023
- Income statements, statements of comprehensive income, statements of changes in equity, and cash flow statements for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The **Group** consists of Australia and New Zealand Banking Group Limited and the entities it controlled at the year-end or from time to time during the financial year.

BASIS FOR OPINIONS

We conducted our audits in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audits of the Financial Reports* section of our report.

We are independent of the Group and Company in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's* APES 110 *Code of Ethics for Professional Accountants ((including Independence Standards)* (the Code) that are relevant to our audits of the Financial Reports in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

KEY AUDIT MATTERS

The **Key Audit Matters** we identified for the Group and Company are:

- Allowance for expected credit losses
- Subjective and complex valuation of financial instruments held at fair value
- Organisational restructure
- IT systems and controls.

The additional **Key Audit Matter** we identified for the Group is:

- Carrying value of investment in PT Bank Pan Indonesia (PT Panin).

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our respective audits of the Financial Reports of the current period.

These matters were addressed in the context of our audits of each of the Financial Reports as a whole, and in forming our opinions thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (continued)

ALLOWANCE FOR EXPECTED CREDIT LOSSES (Group $4,408m; Company $3,493m)

Refer to the critical accounting estimates and judgements disclosures in relation to the allowance for expected credit losses in Note 13 to the Group and Company Financial Reports.

The key audit matter

Allowance for expected credit losses (ECL) is a key audit matter due to the significance of the loans and advances balances to the financial statements and the inherent complexity of the expected credit loss models (ECL models) used to measure ECL allowances. These models are reliant on data and estimates including multiple economic scenarios and key assumptions such as defining a significant increase in credit risk (SICR).

AASB 9 *Financial Instruments* requires the Group and Company to measure ECLs on a forward-looking basis reflecting a range of economic conditions. Post-model adjustments are considered to address known ECL model limitations or emerging trends in the loan portfolios. We exercise significant judgement in challenging the economic scenarios and the judgmental post-model adjustments.

Additional subjectivity and judgement is required due to the heightened uncertainty associated with the impact of the economic outlook and its impact on customers, increasing our audit effort thereon.

SICR identification, such as a decrease in customer credit rating (CCR), is a key judgement within the ECL methodology, as this criterion determines if a forward-looking 12 month or lifetime allowance is recorded.

Additionally, allowances for individually assessed wholesale loans exceeding specific thresholds are assessed. We exercise significant judgement in challenging the assessment of specific allowances based on the expected future cash repayments and estimated proceeds from the value of the collateral held in respect of the loans.

How the matter was addressed in our audits

Our audit procedures for the allowance for ECL included assessing significant accounting policies against the requirements of the accounting standard. Additionally, our procedures included testing key controls in relation to:

- The ECL model governance and validation processes which involved assessment of model performance;
- The assessment and approval of the forward-looking macroeconomic assumptions and scenario weightings through challenge applied by internal governance processes;
- Reconciliation of the data used in the ECL calculation process to gross balances recorded within the general ledger as well as source systems;
- Customer credit rating (CCR) for wholesale loans (larger customer exposures are monitored individually). This covered elements such as: approval of new lending facilities against lending policies, monitoring of counterparty credit quality against exposure criteria for internal factors specific to the counterparty or external macroeconomic factors, and accuracy and timeliness of CCR and security indicator (SI) assessments against lending policies and regulatory requirements;
- IT system controls which record retail loans lending arrears, group exposures into delinquency buckets, and re-calculate individual allowances. We tested automated calculation and change management controls and evaluated the oversight of the portfolios, with a focus on controls over delinquency monitoring.

We tested relevant General Information Technology Controls (GITCs) in relation to the key IT applications used in measuring ECL allowances as detailed in the IT Systems and Controls key audit matter below.

In addition to controls testing, our procedures included:

- Reperforming a sample of credit assessments for wholesale loans controlled by workout and recovery teams assessed as higher risk or impaired, and a sample of other loans, focusing on larger exposures assessed by the Group and Company as showing signs of deterioration, or in areas of emerging risk.
- For each loan sampled, we challenged the Group and Company's assessment of CCR and SI using the customer's financial position, the valuation of security, and, where relevant, the risk of stranded assets, to inform our overall assessment of loan recoverability and the impact on the credit allowance. To do this, we used the information on the Group and Company's loan file and discussed the facts and circumstances of the case with the loan officer.
- Exercising our judgement, our procedures included using our understanding of relevant industries and the macroeconomic environment and comparing data and assumptions used by the Group and Company in recoverability assessments to externally sourced evidence, such as commodity prices, publicly available audited financial statements and comparable external valuations of collateral held. Where relevant, we assessed the forecast timing of future cash flows in the context of underlying valuations and approved business plans and challenged key assumptions in the valuations;
- Obtaining an understanding of the Group and Company's processes to determine ECL allowances, evaluating the ECL model methodologies against established market practices and criteria in the accounting standards;
- Working with our credit risk specialists, we assessed the accuracy of the ECL model estimates by re-performing, for a sample of loans, the calculation of the ECL allowance using our independently derived calculation tools and comparing this to the amount recorded by the Group and

KEY AUDIT MATTERS (continued)

- Working with our economic specialists, we challenged the forward-looking macroeconomic assumptions and scenarios incorporated in the ECL models. We compared the forecast GDP, unemployment rates, CPI and property price indices to relevant publicly available macroeconomic information, and considered other known variables and information obtained through our other audit procedures to identify contradictory indicators;
- Testing the implementation of SICR methodology by re-performing the staging calculation for a sample of loans taking into consideration movements in the CCR from loan origination and comparing our result to actual staging applied on an individual account level in the ECL model;
- Assessing the accuracy of the data used in the ECL models by checking a sample of data fields such as account balance and CCR to relevant source systems.

We challenged key assumptions used in post-model adjustments. This included:

- Assessing post-model adjustments against ECL model and data deficiencies identified in model validation processes, particularly in light of the significant volatility in economic scenarios;
- Comparing underlying data used in concentration risk and economic cycle allowances to underlying loan portfolio characteristics of recent loss experience, current market conditions and specific risks in the loan portfolios;
- Assessing certain post-model adjustments identified against internal and external information;
- Assessing the completeness of post-model adjustments by checking the consistency of risks we identified in the loan portfolios against the Group and Company's assessment.
- Assessing the appropriateness of the Group and Company's disclosures in the Financial Reports using our understanding obtained from our testing and against the requirements of the accounting standards.

SUBJECTIVE AND COMPLEX VALUATION OF FINANCIAL INSTRUMENTS HELD AT FAIR VALUE:

GROUP

- FAIR VALUE OF LEVEL 3 ASSET POSITIONS $1,692m

- FAIR VALUE OF LEVEL 2 ASSET POSITIONS $135,711m

- FAIR VALUE OF LEVEL 3 LIABILITY POSITIONS $23m

- FAIR VALUE OF LEVEL 2 LIABILITY POSITIONS $92,892m

COMPANY

- FAIR VALUE OF LEVEL 3 ASSET POSITIONS $1,691m

- FAIR VALUE OF LEVEL 2 ASSET POSITIONS $129,446m

- FAIR VALUE OF LEVEL 3 LIABILITY POSITIONS $14m

- FAIR VALUE OF LEVEL 2 LIABILITY POSITIONS $91,405m

Refer to the critical accounting estimates, judgements and disclosures of fair values in Note 18 to the Group and Company Financial Reports.

The key audit matter

The fair value of the Group and Company's Level 3 and 2 financial instruments is determined by the application of valuation techniques which often involve the exercise of judgement and the use of assumptions and estimates.

In assessing this Key Audit Matter, we involved our valuation specialists to supplement our senior team members who understand the methods, assumptions and data relevant to their valuation of Financial Instruments.

The valuation of Level 3 and Level 2 financial instruments held at fair value is a Key Audit Matter due to:

- The high degree of estimation uncertainty and potentially significant range of reasonable outcomes associated with the valuation of financial instruments classified as Level 3 where significant pricing inputs used in the valuation methodology and models are not observable.
- The complexity associated with the valuation methodology and models of certain more complex Level 2 financial instruments including credit valuation adjustment (CVA) and funding valuation adjustment (FVA) leading to an increase in subjectivity and estimation uncertainty.

These factors increased the level of judgement applied by us and our audit effort thereon.

KEY AUDIT MATTERS (continued)

How the matter was addressed in our audits

Our audit procedures in relation to the valuation of financial instruments held at fair value included:

- Performing an assessment of the population of financial instruments held at fair value by the Group and Company to identify portfolios with a higher risk of misstatement arising from significant judgements over valuation either due to unobservable inputs or complex models.
- Testing the design and operating effectiveness of key controls relating specifically to these financial instruments, including those in relation to:
  - Independent Price Verification (IPV), including completeness of portfolios and valuation inputs subject to IPV;
  - model validation at inception and periodically, including assessment of model limitation and assumptions;
  - review, approval and challenge of daily profit and loss by a control function;
  - collateral management process, including review and approval of margin reconciliations with clearing houses; and
  - review and approval of CVA and FVA, including exit price and portfolio level adjustments.
- In relation to the subjective valuation of complex Level 2 and Level 3 financial instruments, with our valuation specialists:
  - Assessing the reasonableness of key inputs and assumptions using comparable data in the market and available alternatives;
  - Comparing the Group and Company's valuation methodology to industry practice and the criteria in the accounting standards; and
  - Independently revaluing a selection of financial instruments and CVA/FVA. This involved sourcing independent inputs from comparable data in the market and available alternatives. We challenged and assessed any differences.
- Assessing the appropriateness of the Group and Company's disclosures in the Financial Reports using our understanding obtained from our testing and against the requirements of the accounting standards.

CARRYING VALUE OF INVESTMENT IN PT PANIN ($1,440m)

Refer to the critical accounting estimates, judgements and disclosures in Note 26 to the Group Financial Report.

The key audit matter

The carrying value of the Group's investment in PT Panin is a key audit matter due to the impairment indicators identified at the reporting date and the assessment of the investment's recoverable amount involving judgement and the consideration of valuation models given historical volatility in the market price of the shares. Impairment has been recognised in prior periods. We involved our valuation specialists to supplement our senior team members in assessing this key audit matter.

How the matter was addressed in our audit

Working with our valuation specialists, our procedures included:

- Considering the appropriateness of the recoverable amount assessment used to conclude the carrying value of the investment is supportable;
- Considering the appropriateness of the value in use valuation method applied against the requirements of the accounting standards. This included:
  - Assessing the integrity of the models used, including the accuracy of the underlying calculation formulas;
  - Assessing the key assumptions used in the models, such as, discount rates, forecast earnings and terminal growth rates by comparing to external observable metrics, historical experience, our knowledge of the markets and current market practice;
  - Independently developing discount rates range considered comparable using publicly available market data for comparable entities, adjusted for factors specific to the investments and the markets and industry they operate in;
  - Comparing the forecast earnings contained in the model to broker consensus reports and released financial results;
  - Assessing the accuracy of previous forecasts to inform our evaluation of current forecasts incorporated in the model;
  - Considering the sensitivity of the models by varying key assumptions, such as, discount rates, forecast cash flows and terminal growth rates, within a reasonable possible range. We did this to identify those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures.
- Assessing the recoverable amount at the reporting date against the recoverable amount of the investment when it was last impaired to critically assess potential reversal of previous impairment losses;
- Assessing the Group's disclosures in the Financial Report using our understanding obtained from our testing and against the requirements of the accounting standards.

KEY AUDIT MATTERS (continued)

ORGANISATIONAL RESTRUCTURE

Refer to Note 1 to the Group and Company Financial Reports.

The key audit matter

On 3 January 2023, Australia and New Zealand Banking Group Limited (ANZBGL) established a non-operating holding company, ANZ Group Holdings Limited (ANZGHL). ANZGHL became the newly listed parent company of the Group. The Group also implemented a restructure to separate the banking and certain non-banking businesses into two distinct groups: ANZ Bank Group and ANZ Non-Bank Group.

The organisational restructure is a key audit matter due to:

- The complexities involved in the implementation of the restructure steps plan as outlined in the Restructure Deed;
- Evaluating the accounting treatment associated with the establishment of ANZGHL as the newly listed parent entity in accordance with AASB 3 *Business Combinations*; and
- The various considerations and implications arising from the transfer of assets out of ANZ Bank Group and into ANZ Non-Bank Group and the service company, including the evaluation of the accounting policy choice available under common control transactions.

How the matter was addressed in our audits

Our audit procedures in relation to the organisational restructure included:

- Assessing the accounting considerations involved in the establishment of ANZGHL and the acquisition of ANZBGL shares from existing shareholders to create the newly listed parent entity, in accordance with AASB 3 *Business Combinations*;
- Evaluating, with the assistance of our transaction services specialists, the Restructure Deed and identifying and assessing the accounting implications inherent in each restructure step;
- Testing the transfer of business assets from ANZ Bank Group to ANZ Non-Bank Group and the separate service company for completeness and accuracy by comparing transfers to the Restructure Deed. This included challenging and evaluating recognition and measurement criteria in accordance with accounting policies selected;
- Checking the gain or loss on transfer and its basis of presentation against the Group's selected accounting policy choice;
- Working with our tax specialists to evaluate the taxation considerations of the formation of a new tax consolidated group and potential stamp duty implications of the restructure steps; and
- Assessing the appropriateness of the Group's disclosures in the Financial Report using our understanding obtained from our testing and against the requirements of the accounting standards.

IT SYSTEMS AND CONTROLS

The key audit matter

As a major Australian bank, the businesses utilise many complex, interdependent Information Technology (IT) systems to process and record a high volume of transactions. The controls over access, changes to and operation of IT systems are key to the recording of financial information and the preparation of financial reports which provide a true and fair view of the Group and Company's financial positions and performance.

The IT systems and controls, as they impact the financial recording and reporting of transactions, is a key audit matter as our audit approaches could significantly differ depending on the effective operation of the IT controls. We work with our IT specialists as a core part of our audit team.

How the matter was addressed in our audits

Our testing focused on the technology control environments for key IT applications (systems) used in processing significant transactions and recording balances in the general ledgers, and the automated controls embedded within these systems which link the technology-enabled business processes. Our audit procedures included:

- Assessing the governance and higher-level controls across the IT environments, including those regarding policy design, policy review and awareness, and IT Risk and cyber security management practices;
- Design and operating effectiveness testing of key controls across the user access management lifecycle, including how users are on-boarded, reviewed for access levels assigned, and removed on a timely basis from key IT applications and supporting infrastructure. We also examined the management of privileged roles and functions across relevant IT application and the supporting infrastructure;
- Design and operating effectiveness testing of key controls for IT change management including authorisation of changes prior to development, testing performed and approvals prior to migration into the production environment of key IT applications. We assessed user access to release changes to IT application production environments and whether access was commensurate with their job responsibilities;

KEY AUDIT MATTERS (continued)

- Design and operating effectiveness testing of key controls used by the technology teams to restrict access to and monitor system batch job schedules;
- Design and operating effectiveness testing of key automated business process controls including those relating to enforcing segregation of duties to avoid conflicts from inappropriate role combinations within IT applications. Our testing included:
  - Configurations to perform calculations, mappings and flagging of financial transactions, and automated reconciliation controls (both between systems and intra-system); and
  - Data integrity of key system reporting used by us in our audit to select samples and analyse data used to generate financial reporting.
- Where our testing identified design and operating effectiveness matters relating to IT systems or application controls relevant to our audits, we performed alternative audit procedures, including consideration of mitigating controls.

OTHER INFORMATION

Other Information is financial and non-financial information in Australia and New Zealand Banking Group Limited's annual reporting which is provided in addition to the Financial Reports and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinions on the Financial Reports do not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audits of the Financial Reports, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Reports or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL REPORTS

The Directors are responsible for:

- preparing the Financial Reports that give a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal controls to enable the preparation of a Financial Reports that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDITS OF THE FINANCIAL REPORTS

Our objective is:

- to obtain reasonable assurance about whether each of the Financial Reports as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinions.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Reports.

A further description of our responsibilities for the audits of the Financial Reports is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

REPORT ON THE REMUNERATION REPORT

OPINION

In our opinion, the Remuneration Report of Australia and New Zealand Banking Group Limited for the year ended 30 September 2023 complies with *Section 300A* of the *Corporations Act 2001*.

DIRECTORS' RESPONSIBILITIES

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

OUR RESPONSIBILITIES

We have audited the Remuneration Report included in the Directors' report for the year ended 30 September 2023.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Martin McGrath
Partner

Melbourne
10 November 2023

Maria Trinci
Partner

GLOSSARY

AASs means Australian Accounting Standards.

AASB means Australian Accounting Standards Board. The term 'AASB' is commonly used when identifying AASs issued by the AASB.

ADI means Authorised Deposit-taking Institution as defined by APRA.

ANZ Bank Group means all businesses and entities owned by ANZ BH Pty Ltd, including ANZBGL and ANZ Bank New Zealand.

ANZ Bank New Zealand means ANZ Bank New Zealand Limited.

ANZBGL means Australia and New Zealand Banking Group Limited.

ANZBGL Group means ANZBGL and each of its subsidiaries.

ANZEST means ANZ Employee Share Trust.

ANZGHL means ANZ Group Holdings Limited.

ANZGHL Group means all businesses owned by ANZGHL after the Restructure (including ANZ BH Pty Ltd, ANZBGL, ANZ Group Services Pty Ltd and ANZ NBH Pty Ltd).

ANZ Group means the ANZBGL Group pre Restructure or the ANZGHL Group post Restructure.

ANZ Non-Bank Group means all businesses and entities owned by ANZ NBH Pty Ltd, including ANZ's beneficial interests in the 1835i trusts, non-controlling interests in the Worldline merchant acquiring joint venture, and ANZ Group Services Pty Ltd.

ANZ Research – Economics, a business unit within ANZ, which conducts analysis of key economic inputs and developments and assessment of the potential impacts on the local, regional and global economies.

APRA means Australian Prudential Regulation Authority.

APS means ADI Prudential Standard.

ASX means Australian Securities Exchange.

AT1 means Additional Tier 1 capital.

Board means ANZBGL Board of Directors.

Cash and cash equivalents comprise coins, notes, money at call, balances held with central banks, liquid settlement balances (readily convertible to known amounts of cash which are subject to insignificant risk of changes in value) and securities purchased under agreements to resell (reverse repurchase agreements) in less than three months.

Cash profit is an additional measure of profit which is prepared on a basis other than in accordance with accounting standards. Cash profit represents ANZ's preferred measure of the result of the core business activities of the Group, enabling readers to assess Group and Divisional performance against prior periods and against peer institutions. To calculate cash profit, the Group excludes non-core items from statutory profit as noted below. These items are calculated consistently period on period so as not to discriminate between positive and negative adjustments.

Gains and losses are adjusted where they are significant, or have the potential to be significant in any one period, and fall into one of three categories:

1. gains or losses included in earnings arising from changes in tax, legal or accounting legislation or other non-core items not associated with the core operations of the Group;

2. economic hedging impacts and similar accounting items that represent timing differences that will reverse through earnings in the future; and

3. accounting reclassifications between individual line items that do not impact reported results, such as credit risk on impaired derivatives.

Cash profit is not a measure of cash flow or profit determined on a cash accounting basis.

Collectively assessed allowance for expected credit loss represents the Expected Credit Loss (ECL), which incorporates forward-looking information and does not require an actual loss event to have occurred for a credit loss provision to be recognised.

Committed Liquidity Facility (CLF) The RBA established a CLF to offset the shortage of High-Quality Liquid Assets in Australia. In September 2021, APRA wrote to ADIs to advise that APRA and the RBA consider there to be sufficient HQLA for ADIs to meet their LCR requirements, and therefore the use of the CLF should no longer be required beyond calendar year 2022.

Company means ANZBGL.

Covered bonds are bonds issued by an ADI to external investors secured against a pool of the ADI's assets (the cover pool) assigned to a bankruptcy remote special purpose entity. The primary assets forming the cover pool are mortgage loans. The mortgages remain on the issuer's balance sheet. The covered bond holders have dual recourse to the issuer and the cover pool assets. The mortgages included in the cover pool cannot be otherwise pledged or disposed of but may be repurchased and substituted in order to maintain the credit quality of the pool. The Group issues covered bonds as part of its funding activities.

Credit risk is the risk of financial loss resulting from the failure of ANZ's customers and counterparties to honour or perform fully the terms of a loan or contract.

Credit risk weighted assets (CRWA) represent assets which are weighted for credit risk according to a set formula as prescribed in APS 112/113.

Customer deposits represent term deposits, other deposits bearing interest, deposits not bearing interest and borrowing corporations' debt excluding securitisation deposits.

Funding for Lending Programme (FLP) refers to three-year funding announced by the RBNZ in November 2020 and offered to New Zealand banks, which aimed to lower the cost of borrowing for New Zealand businesses and households.

Gross loans and advances (GLA) is made up of loans and advances, capitalised brokerage and other origination costs less unearned income.

Group means ANZBGL and each of its subsidiaries.

Impaired assets are those financial assets where doubt exists as to whether the full contractual amount will be received in a timely manner, or where concessional terms have been provided because of the financial difficulties of the customer.

Individually assessed allowance for expected credit losses is 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.

Interest rate risk in the banking book (IRRBB) relates to the potential adverse impact of changes in market interest rates on ANZ's future net interest income. The risk generally arises from:

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

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

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

Internationally comparable ratios are ANZ's interpretation of Basel Calculation of RWA for credit risk regulations (effective 1 Jan 2023) documented in the Basel Framework and the 'Australian Banking Association Basel 3.1 Capital Comparison Study' (Mar 2023). This definition is for measures from March 2023 onwards.

Level 1 in the context of APRA supervision, ANZBGL consolidated with certain approved subsidiaries.

Level 2 in the context of APRA supervision, means consolidated ANZ Bank Group, excluding insurance and funds management entities, commercial non-financial entities and certain securitisation vehicles.

Level 3 in the context of APRA supervision, means ANZ Group, the conglomerate group at the widest level.

Net interest margin is net interest income as a percentage of average interest earning assets.

Net loans and advances represent gross loans and advances less allowance for expected credit losses.

Net Stable Funding Ratio (NSFR) is the ratio of the amount of available stable funding (ASF) to the amount of required stable funding (RSF) defined by APRA. The amount of ASF is the portion of an ADI capital and liabilities expected to be a reliable source of funds over a one year time horizon. The amount of RSF is a function of the liquidity characteristics and residual maturities of an ADI's assets and off-balance sheet activities. ADIs must maintain an NSFR of at least 100%.

Net tangible assets equal share capital and reserves attributable to shareholders of the Company less unamortised intangible assets (including goodwill and software).

NZX means New Zealand's Exchange.

OECD means Organisation for Economic Co-operation and Development.

RBA means Reserve Bank of Australia, Australia's central bank.

RBNZ means Reserve Bank of New Zealand, New Zealand's central bank.

Regulatory deposits are mandatory reserve deposits lodged with local central banks in accordance with statutory requirements.

Restructure means the restructure of the ANZ Group, as part of the establishment of the non-operating holding company, implemented by the scheme of arrangement under the Corporations Act between ANZBGL and shareholders.

Return on average assets is the profit attributable to shareholders of the Company, divided by average total assets.

Return on average ordinary shareholders' equity is the profit attributable to shareholders of the Company, divided by average ordinary shareholders' equity.

Risk weighted assets (RWA) 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.

Settlement balances owed to/by ANZ represent financial assets and/or liabilities which are in the course of being settled. These may include trade dated assets and liabilities, vostro accounts and securities settlement accounts.

Term Funding Facility (TFF) refers to three-year funding announced by the RBA on 19 March 2020 and offered to ADIs in order to support lending to Australian businesses at low cost.

Term Lending Facility (TLF) refers to three to five-year funding offered by the RBNZ between May 2020 and July 2021 to promote lending to New Zealand businesses.

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ANZ's colour blue is a trade mark of ANZ.

Management commentary
(no financial statements)