

**SUPPLEMENTARY INFORMATION**

**Capital management**

ANZ provides information as required under APRA's prudential standard APS 330: Public Disclosure. This information is located in the Regulatory Disclosures section of ANZ's website: [shareholder.anz.com/pages/regulatory-disclosure](http://shareholder.anz.com/pages/regulatory-disclosure).

This information includes disclosures detailed in the following sections of the standard, Attachment A: Capital disclosure template, Attachment B: Main features of Capital instruments, Attachment E: Leverage ratio disclosure requirements and Attachment F: Liquidity Coverage Ratio disclosure template.

		As at			Movement	
		Mar 17 \$M	Sep 16 \$M	Mar 16 \$M	Mar 17 v. Sep 16	Mar 17 v. Mar 16
<b>Qualifying Capital</b>						
<b>Tier 1</b>						
Shareholders' equity and non-controlling interests		57,908	57,927	56,464	0%	3%
Prudential adjustments to shareholders' equity	Table 1	(509)	(481)	(584)	6%	-13%
Gross Common Equity Tier 1 capital		57,399	57,446	55,880	0%	3%
Deductions	Table 2	(17,182)	(18,179)	(17,778)	-5%	-3%
<b>Common Equity Tier 1 capital</b>		<b>40,217</b>	<b>39,267</b>	<b>38,102</b>	<b>2%</b>	<b>6%</b>
Additional Tier 1 capital	Table 3	7,874	9,018	6,960	-13%	13%
<b>Tier 1 capital</b>		<b>48,091</b>	<b>48,285</b>	<b>45,062</b>	<b>0%</b>	<b>7%</b>
<b>Tier 2 capital</b>	Table 4	<b>9,648</b>	<b>10,328</b>	<b>8,076</b>	<b>-7%</b>	<b>19%</b>
<b>Total qualifying capital</b>		<b>57,739</b>	<b>58,613</b>	<b>53,138</b>	<b>-1%</b>	<b>9%</b>
<b>Capital adequacy ratios</b>						
Common Equity Tier 1		10.1%	9.6%	9.8%		
Tier 1		12.1%	11.8%	11.6%		
Tier 2		2.4%	2.5%	2.1%		
<b>Total</b>		<b>14.5%</b>	<b>14.3%</b>	<b>13.7%</b>		
Risk weighted assets	Table 5	397,040	408,582	388,335	-3%	2%

Capital management, cont'd

	As at			Movement	
	Mar 17 \$M	Sep 16 \$M	Mar 16 \$M	Mar 17 v. Sep 16	Mar 17 v. Mar 16
<b>Table 1: Prudential adjustments to shareholders' equity</b>					
Treasury shares attributable to ANZ Wealth Australia policyholders	324	395	254	-18%	28%
Accumulated retained profits and reserves of insurance and funds management entities	(811)	(875)	(931)	-7%	-13%
Deferred fee revenue including fees deferred as part of loan yields	175	238	290	-26%	-40%
Available for sale reserve attributable to deconsolidated subsidiaries	(82)	(110)	(98)	-25%	-16%
Other	(115)	(129)	(99)	-11%	16%
<b>Total</b>	<b>(509)</b>	<b>(481)</b>	<b>(584)</b>	<b>6%</b>	<b>-13%</b>

**Table 2: Deductions from Common Equity Tier 1 capital**

Unamortised goodwill & other intangibles (excluding ANZ Wealth Australia and New Zealand)	(3,532)	(3,913)	(3,767)	-10%	-6%
Intangible component of investments in ANZ Wealth Australia and New Zealand	(2,099)	(2,103)	(2,091)	0%	0%
Capitalised software	(1,887)	(2,139)	(2,190)	-12%	-14%
Capitalised expenses including loan and lease origination fees	(1,129)	(1,148)	(1,078)	-2%	5%
Applicable deferred net tax assets	(902)	(899)	(793)	0%	14%
Expected losses in excess of eligible provisions	(696)	(700)	(600)	-1%	16%
Investment in other insurance and funds management subsidiaries	(274)	(297)	(297)	-8%	-8%
Investment in ANZ Wealth Australia and New Zealand	(1,749)	(1,752)	(1,749)	0%	0%
Investment in banking associates and minority interests	(3,826)	(4,674)	(4,708)	-18%	-19%
Other deductions	(1,088)	(554)	(505)	96%	large
<b>Total</b>	<b>(17,182)</b>	<b>(18,179)</b>	<b>(17,778)</b>	<b>-5%</b>	<b>-3%</b>

**Table 3: Additional Tier 1 capital**

Convertible Preference Shares					
ANZ CPS2	-	1,068	1,969	-100%	-100%
ANZ CPS3	1,340	1,340	1,338	0%	0%
ANZ Capital Notes 1	1,116	1,115	1,113	0%	0%
ANZ Capital Notes 2	1,603	1,602	1,600	0%	0%
ANZ Capital Notes 3	962	962	961	0%	0%
ANZ Capital Notes 4	1,607	1,604	-	0%	n/a
ANZ Bank NZ Capital Notes	454	473	446	-4%	2%
ANZ Capital Securities	1,218	1,329	-	-8%	n/a
Regulatory adjustments and deductions	(426)	(475)	(467)	-10%	-9%
<b>Total</b>	<b>7,874</b>	<b>9,018</b>	<b>6,960</b>	<b>-13%</b>	<b>13%</b>

**Table 4: Tier 2 capital**

General reserve for impairment of financial assets	257	267	255	-4%	1%
Perpetual subordinated notes	1,156	1,190	1,145	-3%	1%
Term subordinated debt notes	10,841	11,281	8,985	-4%	21%
Regulatory adjustments and deductions	(518)	(936)	(660)	-45%	-22%
Transitional adjustments	(2,088)	(1,474)	(1,649)	42%	27%
<b>Total</b>	<b>9,648</b>	<b>10,328</b>	<b>8,076</b>	<b>-7%</b>	<b>19%</b>

Capital management, cont'd

	As at			Movement	
	Mar 17 \$M	Sep 16 \$M	Mar 16 \$M	Mar 17 v. Sep 16	Mar 17 v. Mar 16
<b>Table 5: Risk weighted assets</b>					
On balance sheet	253,532	259,356	235,875	-2%	7%
Commitments	56,279	58,167	62,223	-3%	-10%
Contingents	12,648	13,295	14,489	-5%	-13%
Derivatives	19,350	21,215	21,721	-9%	-11%
<b>Total credit risk</b>	<b>341,809</b>	<b>352,033</b>	<b>334,308</b>	<b>-3%</b>	<b>2%</b>
Market risk - Traded	6,323	6,188	6,059	2%	4%
Market risk - IRRBB	10,332	11,700	10,280	-12%	1%
Operational risk	38,576	38,661	37,688	0%	2%
<b>Total risk weighted assets</b>	<b>397,040</b>	<b>408,582</b>	<b>388,335</b>	<b>-3%</b>	<b>2%</b>

	As at			Movement	
	Mar 17 \$M	Sep 16 \$M	Mar 16 \$M	Mar 17 v. Sep 16	Mar 17 v. Mar 16
<b>Table 6: Credit risk weighted assets by Basel asset class</b>					
<b>Subject to Advanced IRB approach</b>					
Corporate	127,544	130,799	139,643	-2%	-9%
Sovereign	6,718	6,634	6,185	1%	9%
Bank	14,267	14,884	15,061	-4%	-5%
Residential mortgage	86,218	84,275	57,218	2%	51%
Qualifying revolving retail (credit cards)	7,513	7,334	7,744	2%	-3%
Other retail	31,004	31,360	30,681	-1%	1%
<b>Credit risk weighted assets subject to Advanced IRB approach</b>	<b>273,264</b>	<b>275,286</b>	<b>256,532</b>	<b>-1%</b>	<b>7%</b>
<b>Credit risk specialised lending exposures subject to slotting criteria</b>	<b>33,896</b>	<b>36,100</b>	<b>35,066</b>	<b>-6%</b>	<b>-3%</b>
<b>Subject to Standardised approach</b>					
Corporate	16,264	20,459	22,149	-21%	-27%
Residential mortgage	2,354	2,493	2,616	-6%	-10%
Other retail (includes credit cards)	3,131	3,277	3,550	-4%	-12%
<b>Credit risk weighted assets subject to Standardised approach</b>	<b>21,749</b>	<b>26,229</b>	<b>28,315</b>	<b>-17%</b>	<b>-23%</b>
<b>Credit Valuation Adjustment and Qualifying Central Counterparties</b>	<b>8,168</b>	<b>9,371</b>	<b>9,147</b>	<b>-13%</b>	<b>-11%</b>
Credit risk weighted assets relating to securitisation exposures	1,171	1,203	1,194	-3%	-2%
Other assets	3,561	3,844	4,054	-7%	-12%
<b>Total credit risk weighted assets</b>	<b>341,809</b>	<b>352,033</b>	<b>334,308</b>	<b>-3%</b>	<b>2%</b>

Capital management, cont'd

	Collective Provision and Individual Provision			Basel Expected Loss <sup>1</sup>		
	Mar 17 \$M	Sep 16 \$M	Mar 16 \$M	Mar 17 \$M	Sep 16 \$M	Mar 16 \$M
<b>Table 7: Total provision for credit impairment and expected loss by division</b>						
Australia	1,877	1,794	1,751	2,735	2,654	2,608
Institutional	1,494	1,683	1,682	1,337	1,404	1,410
New Zealand	470	491	451	766	802	717
Asia Retail & Pacific	199	211	213	5	7	5
TSO and Group Centre	14	4	3	-	1	-
<b>Total provision for credit impairment and expected loss</b>	<b>4,054</b>	<b>4,183</b>	<b>4,100</b>	<b>4,843</b>	<b>4,868</b>	<b>4,740</b>

<sup>1</sup> Only applicable to Advanced Internal Ratings based portfolios.

	As at			Movement	
	Mar 17 \$M	Sep 16 \$M	Mar 16 \$M	Mar 17 v. Sep 16	Mar 17 v. Mar 16
<b>Table 8: APRA Expected loss in excess of eligible provisions</b>					
<b>APRA Basel 3 expected loss: non-defaulted</b>	<b>2,866</b>	2,959	2,894	-3%	-1%
<b>Less: Qualifying collective provision</b>					
Collective provision	(2,785)	(2,876)	(2,862)	-3%	-3%
Non-qualifying collective provision	349	350	313	0%	12%
Standardised collective provision	257	267	255	-4%	1%
<b>Non-defaulted excess included in deduction</b>	<b>687</b>	700	600	-2%	15%
<b>APRA Basel 3 expected loss: defaulted</b>	<b>1,977</b>	1,909	1,846	4%	7%
<b>Less: Qualifying individual provision</b>					
Individual provision	(1,269)	(1,307)	(1,238)	-3%	3%
Additional individual provision for partial write offs	(540)	(509)	(528)	6%	2%
Standardised individual provision	149	195	171	-24%	-13%
Collective provision on advanced defaulted	(308)	(304)	(265)	1%	16%
	9	(16)	(14)	large	large
Shortfall in expected loss not included in deduction	-	16	14	-100%	-100%
<b>Defaulted excess included in deduction</b>	<b>9</b>	-	-	n/a	n/a
<b>Gross deduction</b>	<b>696</b>	700	600	-1%	16%