

2017

**BASEL III
PILLAR 3
DISCLOSURE**

AS AT 31 MARCH 2017

APS 330: PUBLIC DISCLOSURE

Important notice

This document has been prepared by Australia and New Zealand Banking Group Limited (ANZ) to meet its disclosure obligations under the Australian Prudential Regulation Authority (APRA) ADI Prudential Standard (APS) 330: Public Disclosure.

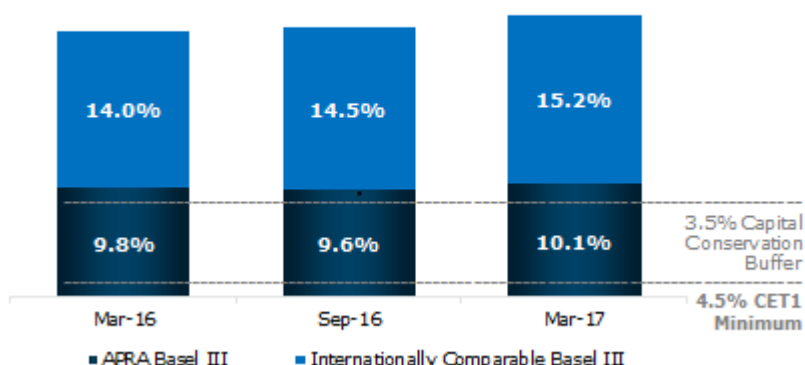
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¹ Each table reference adopted in this document aligns to those required by APS 330 to be disclosed at half year.

Chapter 1 – Highlights

Common Equity Tier 1 (CET1) Ratios*

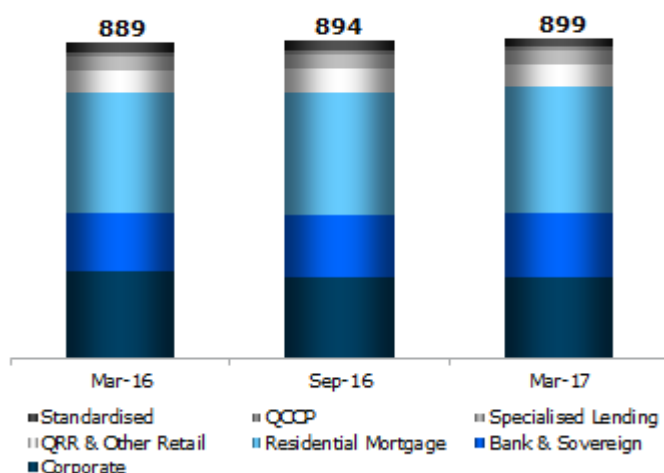


ANZ's CET1 ratio increased 52 bps to 10.1% during the March half.

- Net organic capital generation was 119 bps or \$4.8 billion. This was primarily driven by earnings and a net reduction in underlying RWA (excluding foreign exchange impacts, regulatory changes and other one-offs). The RWA reduction was mainly driven by a \$8.7 billion decrease in Institutional Credit RWAs from lower lending, due to portfolio rebalancing.

* Internationally Comparable methodology aligns with APRA's information paper entitled International Capital Comparison Study (13 July 2015). Basel III Internationally Comparable ratios do not include an estimate of the Basel I capital floor requirement.

Exposure at Default* (\$bn)

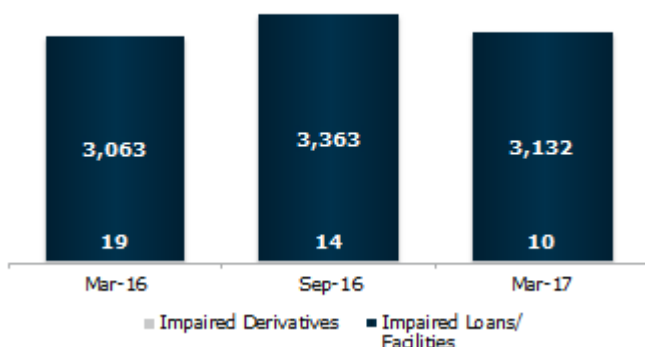


EAD up \$4.8bn to \$899.4bn for 1H17

- Group EAD growth is driven by increases in Sovereign and Residential Mortgages asset classes, partially offset by reduction in Bank and Standardised Corporate asset class

*Exposure at Default is post Credit Risk Mitigation (CRM) and does not include Securitisation, Equities or Other Assets.

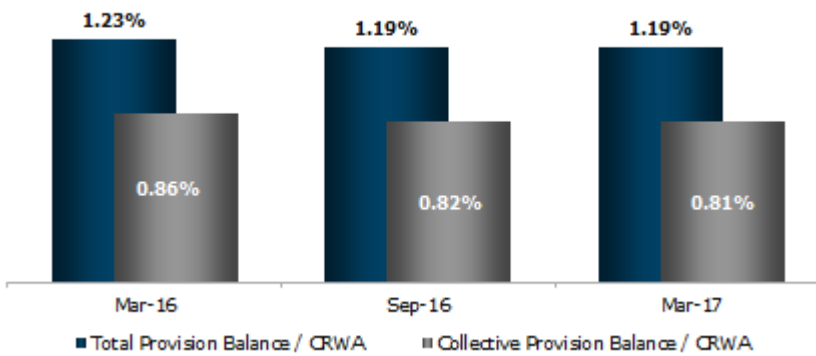
Impaired Assets (\$m)



Impaired Assets down \$231m, 7% HoH

- Decrease in Impaired Assets HoH is primarily driven by Institutional due to higher write-offs and repayments on a small number of large exposures.

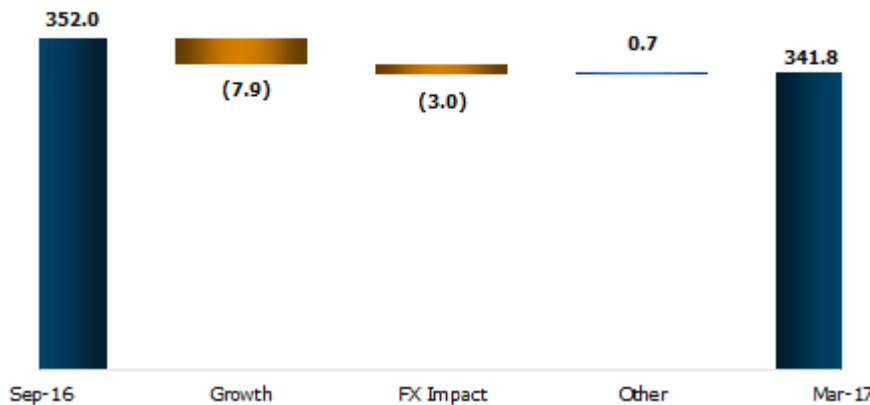
Provision Ratios (Provisions / Credit RWA)



Provision coverage remains sound

- The total provision ratio is flat HoH at 1.19%. Collective Provision ratio decreased by 1bp to 0.81% and continues to provide adequate coverage.

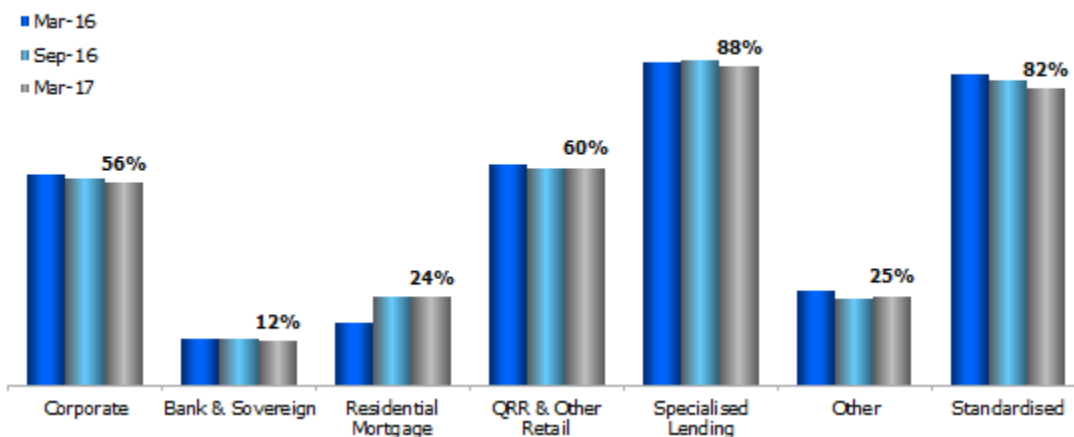
Movements in Credit Risk Weighted Assets (\$bn)



Credit Risk Weighted Assets (CRWA) decreased by \$10.2bn HoH.

- FX movements decreased CRWA by \$3.0bn, mainly driven by appreciation of AUD against US and NZ currencies.
- Portfolio contraction decreased CRWA by \$7.9bn, driven by reduction in Institutional Corporate assets and partially offset by an increase in Australia Residential Mortgage.

Average Risk Weights (CRWA / EAD*)



*Exposure at Default is post Credit Risk Mitigation (CRM) and does not include Securitisation, Equities or Other Assets.

Chapter 2 - Introduction

Purpose of this document

This document has been prepared in accordance with the Australian Prudential Regulation Authority (APRA) ADI Prudential Standard (APS) 330: Public Disclosure.

APS 330 mandates the release to the investment community and general public of information relating to capital adequacy and risk management practices. APS 330 was established to implement Pillar 3 of the Basel Committee on Banking Supervision's framework for bank capital adequacy². In simple terms, the Basel framework consists of three mutually reinforcing 'Pillars':

| Pillar 1 Minimum capital requirement | Pillar 2 Supervisory review process | Pillar 3 Market discipline |
|--|--|---|
| Minimum capital requirements for Credit Risk, Operational Risk, Market Risk and Interest Rate Risk in the Banking Book | Firm-wide risk oversight, Internal Capital Adequacy Assessment Process (ICAAP), consideration of additional risks, capital buffers and targets and risk concentrations, etc. | Regular disclosure to the market of qualitative and quantitative aspects of risk management, capital adequacy and underlying risk metrics |

APS 330 requires the publication of various levels of information on a quarterly, semi-annual and annual basis. This document is the semi-annual disclosure.

Basel in ANZ

In December 2007, ANZ received accreditation for the most advanced approaches permitted under Basel for credit risk and operational risk, complementing its accreditation for market risk. Effective January 2013, ANZ adopted APRA requirements for Basel III with respect to the measurement and monitoring of regulatory capital.

Verification of disclosures

These Pillar 3 disclosures have been verified in accordance with Board approved policy, including ensuring consistency with information contained in ANZ's Financial Report and in Pillar 1 returns provided to APRA. In addition ANZ's external auditor has performed agreed procedures with respect to these disclosures.

Comparison to ANZ's Financial Reporting

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

- The principal method for measuring the amount at risk is Exposure at Default (EAD), which is the estimated amount of exposure likely to be owed on a credit obligation at the time of default. Under the Advanced Internal Ratings Based (AIRB) approach in APS 113 Capital Adequacy: Internal Ratings-based Approach to Credit Risk, banks are accredited to provide their own estimates of EAD for all exposures (drawn, commitments or contingents) reflecting the current balance as well as the likelihood of additional drawings prior to default.
- Loss Given Default (LGD) is an estimate of the amount of losses expected in the event of default. LGD is essentially calculated as the amount at risk (EAD) less expected net recoveries from realisation of collateral as well as any post default repayments of principal and interest.
- Most credit risk disclosures split ANZ's portfolio into regulatory asset classes, which span areas of ANZ's internal divisional and business unit organisational structure.

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

² Basel Committee on Banking Supervision, International Convergence of Capital Measurement and Capital Standards: A Revised Framework, 2004.

Chapter 3 – Capital and Capital Adequacy

Table 1 Capital Disclosure template

The head of the Level 2 Group to which this prudential standard applies is Australia and New Zealand Banking Group Limited.

Table 1 of this chapter consists of a Capital Disclosure template that assists users in understanding the differences between the application of the Basel III reforms in Australia and those rules as detailed in the document Basel III: A global regulatory framework for more resilient banks and banking systems, issued by the Bank for International Settlements. The capital disclosure template in this chapter is the post January 2018 version as ANZ is fully applying the Basel III regulatory adjustments, as implemented by APRA. The capital conservation and countercyclical buffers referred to in rows 64 to 67 commenced on 1 January 2016 and the phase out period for capital instruments began on 1 January 2013.

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

Restrictions on Transfers of Capital within ANZ

ANZ operates branches and locally incorporated subsidiaries in many countries. These operations are capitalised at an appropriate level to cover the risks in the business and to meet local prudential requirements. This level of capitalisation may be enhanced to meet local taxation and operational requirements. Any repatriation of capital from subsidiaries or branches is subject to meeting the requirements of the local prudential regulator and/or the local central bank. Apart from ANZ's operations in New Zealand, local country capital requirements do not impose any material call on ANZ's capital base. ANZ undertakes banking activities in New Zealand principally through its wholly owned subsidiary, ANZ Bank New Zealand Limited, which is subject to minimum capital requirements as set by the Reserve Bank of New Zealand (RBNZ). The RBNZ adopted the Basel II framework, effective from 1 January 2008 and Basel III reforms from 1 January 2013 and ANZ Bank New Zealand Limited has been accredited to use the advanced approach for the calculation of credit risk and operational risk. ANZ Bank New Zealand Limited maintains a buffer above the minimum capital base required by the RBNZ. This capital buffer has been calculated via the ICAAP undertaken for ANZ Bank New Zealand Limited, to ensure ANZ Bank New Zealand Limited is appropriately capitalised under stressed economic scenarios.

Table 1 Capital disclosure template

| | Mar 17 \$M | Reconciliation Table Reference |
|---|---------------|--------------------------------------|
| Common Equity Tier 1 Capital: instruments and reserves | | |
| 1 | 29,164 | Table A |
| 2 | 27,827 | Table B |
| 3 | 178 | Table C |
| 4 | n/a | |
| 5 | 53 | Table D |
| 6 | 57,222 | |
| Common Equity Tier 1 capital : regulatory adjustments | | |
| 7 | - | |
| 8 | 3,532 | Table E |
| 9 | 3,986 | Table F |
| 10 | 13 | Table J |
| 11 | 180 | |
| 12 | 696 | Table G |
| 13 | - | |
| 14 | (8) | |
| 15 | 103 | Table H |
| 16 | - | |
| 17 | - | |
| 18 | - | |
| 19 | 1,669 | Table I |
| 20 | n/a | |
| 21 | - | |
| 22 | - | |
| 23 | - | |
| 24 | n/a | |
| 25 | - | |
| 26 | 6,834 | |
| 26a | - | |
| 26b | - | |
| 26c | (175) | |
| 26d | 4,918 | Table I |
| 26e | 889 | Table J |
| 26f | 1,129 | Table K |
| 26g | 37 | Table L |
| 26h | - | |
| 26i | - | |
| 26j | 36 | |
| 27 | - | |
| 28 | 17,005 | |
| 29 | 40,217 | |

| | Mar 17 \$M | Reconciliation Table Reference |
|--|---------------|--------------------------------------|
| Additional Tier 1 Capital: instruments | | |
| 30 | 6,630 | Table M |
| 31 | - | |
| 32 | 6,630 | Table M |
| 33 | 1,340 | Table M |
| 34 | 309 | Table M |
| 35 | n/a | |
| 36 | 8,279 | |
| Additional Tier 1 Capital: regulatory adjustments | | |
| 37 | - | |
| 38 | - | |
| 39 | - | |
| 40 | 405 | Table M |
| 41 | - | |
| 41a | - | |
| 41b | - | |
| 41c | - | Table M |
| 42 | - | |
| 43 | 405 | |
| 44 | 7,874 | |
| 45 | 48,091 | |
| Tier 2 Capital: instruments and provisions | | |
| 46 | 6,068 | |
| 47 | 2,672 | Table N |
| 48 | 812 | |
| 49 | 812 | Table N |
| 50 | 257 | Table G |
| 51 | 9,809 | |
| Tier 2 Capital: regulatory adjustments | | |
| 52 | 10 | Table N |
| 53 | - | |
| 54 | - | |
| 55 | 85 | Table N |
| 56 | 66 | |
| 56a | - | |
| 56b | 66 | Table N |
| 56c | - | |
| 57 | 161 | |
| 58 | 9,648 | |
| 59 | 57,739 | |
| 60 | 397,040 | |

| | Mar 17 \$M | Reconciliation Table Reference |
|--|-------------------|--------------------------------------|
| Capital ratios and buffers | | |
| 61 Common Equity Tier 1 (as a percentage of risk-weighted assets) | 10.1% | |
| 62 Tier 1 (as a percentage of risk-weighted assets) | 12.1% | |
| 63 Total capital (as a percentage of risk-weighted assets) | 14.5% | |
| 64 Buffer requirement (minimum CET1 requirement of 4.5% plus capital conservation buffer of 2.5% plus any countercyclical buffer requirements expressed as a percentage of risk-weighted assets) | 8.024% | |
| 65 of which: capital conservation buffer requirement | 3.5% ³ | |
| 66 of which: ADI-specific countercyclical buffer requirements | 0.024% | |
| 67 of which: G-SIB buffer requirement (not applicable) | n/a | |
| 68 Common Equity Tier 1 available to meet buffers (as a percentage of risk-weighted assets) | 5.6% | |
| National minima (if different from Basel III) | | |
| 69 National Common Equity Tier 1 minimum ratio (if different from Basel III minimum) | n/a | |
| 70 National Tier 1 minimum ratio (if different from Basel III minimum) | n/a | |
| 71 National total capital minimum ratio (if different from Basel III minimum) | n/a | |
| Amount below thresholds for deductions (not risk-weighted) | | |
| 72 Non-significant investments in the capital of other financial entities | 111 | |
| 73 Significant investments in the ordinary shares of financial entities | 4,872 | Table I |
| 74 Mortgage servicing rights (net of related tax liability) | n/a | |
| 75 Deferred tax assets arising from temporary differences (net of related tax liability) | 889 | Table J |
| Applicable caps on the inclusion of provisions in Tier 2 | | |
| 76 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap) | 257 | |
| 77 Cap on inclusion of provisions in Tier 2 under standardised approach | 374 | |
| 78 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap) | - | |
| 79 Cap for inclusion of provisions in Tier 2 under internal ratings-based approach | 1,871 | |
| Capital instruments subject to phase-out arrangements (only application between 1 January 2018 to 1 January 2022) | | |
| 80 Current cap on CET1 instruments subject to phase out arrangements | n/a | |
| 81 Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities) | n/a | |
| 82 Current cap on AT1 instruments subject to phase out arrangements | 2,991 | |
| 83 Amount excluded from AT1 instruments due to cap (excess over cap after redemptions and maturities) | - | |
| 84 Current cap on T2 instruments subject to phase out arrangements | 3,435 | |
| 85 Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) | 2,089 | |

Counter Cyclical Capital Buffer

| Geographic breakdown of Private Sector Credit Exposures | Hong Kong \$M | Sweden \$M | Norway \$M | Other \$M | Total \$M |
|---|------------------|---------------|---------------|--------------|--------------|
| RWA for all private sector credit exposures | 4,891 | 477 | 263 | 308,858 | 314,489 |
| Jurisdictional buffer set by national authorities | 1.250% | 2.000% | 1.500% | 0.000% | n/a |
| Countercyclical buffer requirement | 0.020% | 0.003% | 0.001% | 0.000% | 0.024% |

From 1 January 2016, ADIs are required to hold capital buffers determined by the national authority of jurisdictions where they have private sector credit exposures based on credit conditions in those markets. The countercyclical capital buffer is designed to ensure that ADIs build up capital buffers when excess aggregate credit growth is judged to be associated with a build-up of system-wide risk. This additional buffer can then be released during periods of stress, to reduce the risk of the supply of credit being impacted by regulatory capital requirements. The countercyclical capital buffer is to be applied by extending the range of the capital conservation buffer, which also came into effect from 1 January 2016.

The ADI specific buffer is the weighted average of the jurisdictional buffers advised by the relevant national authorities.

³ Includes 1.0% buffer applied by APRA to ADI's deemed as domestic systemically important.

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

| Assets | Balance Sheet as in published financial statements (\$m) | Adjustments (\$m) | Balance sheet under scope of regulatory consolidation (\$m) | Template and Reconciliation Table Reference |
|---|---|--------------------------|--|--|
| Cash | 56,419 | 59 | 56,478 | |
| Settlement balances owed to ANZ | 21,696 | - | 21,696 | |
| Collateral Paid | 11,179 | - | 11,179 | |
| Trading securities | 44,085 | - | 44,085 | |
| of which: Financial Institutions capital instruments | | | 10 | Table N |
| of which: Investments in the capital of financial institutions | | | 66 | Table N |
| Derivative financial instruments | 63,882 | (1) | 63,881 | |
| Available-for-sale assets | 64,685 | (1,365) | 63,320 | |
| of which: Financial institutions equity instruments | | | 673 | Table I |
| of which: non-significant investment in financial institutions equity instruments | | | 38 | |
| of which: Other entities equity investments | | | 28 | Table L |
| Net loans and advances | 564,035 | (1,853) | 562,182 | |
| of which: deferred fee income | | | (175) | Row 26c |
| of which: collective provision | | | (2,785) | Table G |
| of which: individual provisions | | | (1,269) | Table G |
| of which: capitalised brokerage | | | 1,039 | Table K |
| of which: CET1 margin lending adjustment | | | 36 | Row 26j |
| Regulatory deposits | 2,154 | - | 2,154 | |
| Assets held for sale | 14,145 | - | 14,145 | |
| of which: Goodwill | | | 118 | Table E |
| of which: Significant investment in a financial institution | | | 1,735 | Table I |
| Due from controlled entities | - | 288 | 288 | |
| of which: Significant investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation | | | 85 | Table N |
| Shares in controlled entities | - | 4,746 | 4,746 | |
| of which: Investment in deconsolidated financial subsidiaries | | | 4,341 | Table I |
| of which: AT1 significant investment in banking, financial and insurance entities that are outside the scope of regulatory consolidation | | | 405 | Table M |
| Investment in associates | 2,286 | (3) | 2,283 | |
| of which: Financial Institutions | | | 2,274 | Table I |
| of which: Other Entities | | | 9 | Table L |
| Current tax assets | 242 | - | 242 | |
| Deferred tax assets | 572 | 86 | 658 | Table J |
| of which: Deferred tax assets that rely on future profitability | | | 13 | Table J |
| Goodwill and other intangible assets | 7,053 | (1,882) | 5,171 | |
| of which: Goodwill | | | 3,249 | Table E |
| of which: Software | | | 1,922 | Table F |
| of which: other intangible assets | | | - | Table F |
| Investments backing policy liabilities | 37,602 | (37,602) | - | |
| Premises and equipment | 1,979 | (2) | 1,977 | |
| Other assets | 4,497 | (1,252) | 3,245 | |
| of which: Defined benefit superannuation fund net assets | | | 129 | |
| Total Assets | 896,511 | (38,781) | 857,730 | |

| | Balance Sheet as in published financial statements (\$m) | Adjustments (\$m) | Balance sheet under scope of regulatory consolidation (\$m) | Template and Reconciliation Table Reference |
|---|--|-------------------|---|---|
| Liabilities | | | | |
| Settlement balances owed by ANZ | 9,736 | (1) | 9,735 | |
| Collateral Received | 5,189 | - | 5,189 | |
| Deposits and other borrowings | 581,407 | 5,315 | 586,722 | |
| Derivative financial instruments | 65,050 | (1) | 65,049 | |
| Due to controlled entities | - | 973 | 973 | |
| Current tax liabilities | 185 | (40) | 145 | |
| Deferred tax liabilities | 224 | (372) | (148) | Table J |
| of which: related to intangible assets | | | 35 | Table F |
| of which: related to capitalised expenses | | | 5 | Table K |
| of which: related to defined benefit super assets | | | 26 | Table H |
| Liabilities held for sale | 17,166 | - | 17,166 | |
| Policy liabilities | 37,111 | (37,111) | - | |
| External unit holder liabilities | 4,227 | (4,227) | - | |
| Provisions | 1,179 | (51) | 1,128 | |
| Payables and other liabilities | 8,054 | (1,145) | 6,909 | |
| Debt Issuances | 88,778 | (1,778) | 87,000 | |
| Subordinated Debt | 20,297 | 13 | 20,310 | |
| of which: Directly issued qualifying Additional Tier 1 instruments | | | 6,506 | Table M |
| of which: Directly issued capital instruments subject to phase out from Additional Tier 1 | | | 1,340 | Table M |
| of which: Additional Tier 1 Instruments | | | 454 | Table M |
| of which: Directly issued capital instruments subject to phase out from Tier 2 | | | 5,179 | Table N |
| of which: Directly issued qualifying Tier 2 | | | 6,068 | Table N |
| of which: instruments issued by subsidiaries subject to phase out | | | 763 | Table N |
| Total Liabilities | 838,603 | (38,425) | 800,178 | |
| Net Assets | 57,908 | (356) | 57,552 | |

| | Balance Sheet as in published financial statements (\$m) | Adjustments (\$m) | Balance sheet under scope of regulatory consolidation (\$m) | Template and Reconciliation Table Reference |
|---|--|-------------------|---|---|
| Shareholders' equity | | | | |
| Ordinary Share Capital | 29,036 | 323 | 29,359 | Table A |
| of which: Share reserve | | | 195 | Table A & C |
| Reserves | 115 | (80) | 35 | Table C |
| of which: Cash flow hedging reserves | | | 180 | Row 11 |
| Retained earnings | 28,640 | (595) | 28,045 | Table B |
| Share capital and reserves attributable to shareholders of the Company | 57,791 | (352) | 57,439 | |
| Non-controlling interest | 117 | (4) | 113 | Table D |
| Total shareholders' equity | 57,908 | (356) | 57,552 | |

The following reconciliation tables provide additional information on the difference between Table 1 Capital Disclosure template and the Level 2 balance sheet.

| Table A | Mar 17 \$M | Table 1 Reference |
|--|-----------------------|------------------------------|
| Issued capital | 29,359 | |
| less Reclassification to reserves | (195) | Table C |
| Regulatory Directly Issued qualifying ordinary shares | 29,164 | Row 1 |

| Table B | Mar 17 \$M | Table 1 Reference |
|---|-----------------------|------------------------------|
| Retained earnings | 28,045 | |
| less Regulatory reclassification from significant investments in the ordinary shares of banking, financial and insurance entities outside the scope of regulatory consolidation | (218) | Table I |
| Retained earnings | 27,827 | Row 2 |

| Table C | Mar 17 \$M | Table 1 Reference |
|--|-----------------------|------------------------------|
| Reserves | 35 | |
| add Reclassification from Issued Capital | 195 | Table A |
| less Non qualifying reserves | (52) | |
| Reserves for Regulatory capital purposes (amount allowed in group CET1) | 178 | Row 3 |

| Table D | Mar 17 \$M | Table 1 Reference |
|--|-----------------------|------------------------------|
| Non-controlling interests | 113 | |
| less Surplus capital attributable to minority shareholders | (60) | |
| Ordinary share capital issued by subsidiaries and held by third parties | 53 | Row 5 |

| Table E | Mar 17 \$M | Table 1 Reference |
|---|-----------------------|------------------------------|
| Goodwill | 3,249 | |
| add Goodwill reclassified to Assets held for Sale | 118 | |
| add Goodwill component of investments in financial associates | 165 | Table I |
| Goodwill (net of related tax liability) | 3,532 | Row 8 |

| Table F | Mar 17 \$M | Table 1 Reference |
|--|-----------------------|------------------------------|
| Software | 1,922 | |
| Other intangible assets | - | |
| less Associated deferred tax liabilities | (35) | |
| add Regulatory reclassification from significant investments in the ordinary shares of banking, financial and insurance entities outside the scope of regulatory consolidation | 2,099 | Table I |
| Other intangibles other than mortgage servicing rights (net of related tax liability) | 3,986 | Row 9 |

| Table G | | Mar 17 | Table 1 |
|---|---|---------------|------------------|
| | | \$M | Reference |
| Qualifying collective provision | | | |
| | Collective provision | (2,785) | |
| less | Non-qualifying collective provision | 349 | |
| less | Standardised collective provision | 257 | Row 50 |
| less | Non-defaulted expected loss | 2,866 | |
| Non-Defaulted: Expected Loss - Eligible Provision Shortfall | | 687 | |
| Qualifying individual provision | | | |
| | Individual provision | (1,269) | |
| add | Additional individual provisions for partial write offs | (540) | |
| less | Standardised individual provision | 149 | |
| add | Collective provision on advanced defaulted | (308) | |
| less | Defaulted expected loss | 1,977 | |
| Defaulted: Expected Loss - Eligible Provision Shortfall | | 9 | |
| Gross deduction | | 696 | Row 12 |

| Table H | | Mar 17 | Table 1 |
|---|--|---------------|------------------|
| | | \$M | Reference |
| | Defined benefit superannuation fund net assets | 129 | |
| | Associated deferred tax liabilities | (26) | |
| Defined benefit superannuation fund net assets | | 103 | Row 15 |

| Table I | | Mar 17 | Table 1 |
|---|--|---------------|------------------|
| | | \$M | Reference |
| | Investment in deconsolidated financial subsidiaries | 4,341 | |
| less | Regulatory reclassification to Retained Earnings and Other Intangible Assets | (2,317) | Tables B & F |
| add | Investment in financial associates | 4,009 | |
| less | Investment in financial institutions Available for Sale | 673 | |
| less | Goodwill component of investments in financial associates | (165) | Table E |
| less | Amount below 10% threshold of CET 1 | (4,872) | Row 73 |
| Significant investments in the ordinary shares of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold) | | 1,669 | Row 19 |
| add | Amount below the 10% threshold of CET 1 | 4,872 | Row 73 |
| | Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital - Available for Sale exposures | 38 | |
| | Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital - Undrawn | 8 | |
| Equity investment in financial institutions not reported in rows 18, 19 and 23 | | 4,918 | Row 26d |
| Deduction for equity holdings in financial institutions - APRA regulations | | 6,587 | |

| Table J | | Mar 17 | Table 1 |
|--|---|---------------|------------------|
| | | \$M | Reference |
| | Deferred tax assets | 658 | |
| add | Deferred tax liabilities | 148 | |
| Deferred tax asset less deferred tax liabilities | | 806 | |
| less | Deferred tax assets that rely on future profitability | (13) | Row 10 |
| add | Deferred tax liabilities on intangible assets, capitalised expenses and defined benefit superannuation assets | 66 | |
| add | Impact of calculating the deduction on a jurisdictional basis | 30 | |
| Deferred tax assets not reported in rows 10, 21 and 25 of the Capital Disclosure Template | | 889 | Row 26e |

| Table K | Mar 17 | Table 1 |
|--|---------------|----------------|
| | \$M | Reference |
| Capitalised brokerage costs | 1,039 | |
| Capitalised debt and capital issuance expenses | 95 | |
| less Associated deferred tax liabilities | (5) | |
| Capitalised expenses | 1,129 | Row 26f |

| Table L | Mar 17 | Table 1 |
|--|---------------|----------------|
| | \$M | Reference |
| Investments in non-financial Available for Sale equities | 28 | |
| Investments in non financial associates | 9 | |
| Non financial equity exposures (loans) | - | |
| Equity exposures to non financial entities | 37 | Row 26g |

| Table M | Mar 17 | Table 1 |
|---|---------------|----------------|
| | \$M | Reference |
| Directly issued qualifying Additional Tier 1 Capital Instruments classified as liabilities | 6,506 | |
| add Issue costs | 49 | |
| add Fair value adjustment | 75 | |
| Directly issued qualifying Additional Tier 1 Capital Instruments classified as liabilities | 6,630 | Row 30 |
| Directly issued capital instruments subject to phase out from Additional Tier 1 | 1,340 | Row 33 |
| Additional Tier 1 instruments issued by subsidiaries held by third parties | 454 | |
| add Issue costs | 3 | |
| Surplus capital attributable to third party holders | (148) | |
| add AT1 Instruments issued by subsidiaries and held by third parties (amounts allowed in Group AT1) | 309 | |
| Additional Tier 1 capital before regulatory adjustments | 8,279 | Row 36 |
| less Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation | (405) | Row 40 |
| Other national specific regulatory adjustments not reported | - | Row 41 |
| Additional Tier 1 capital | 7,874 | Row 44 |

| Table N | Mar 17 | Table 1 |
|---|---------------|----------------|
| | \$M | Reference |
| Directly issued capital instruments subject to phase out from Tier 2 | 5,179 | |
| add Issue costs | 15 | |
| less Amortisation of Tier 2 Capital Instruments subject to phase out | (419) | |
| less Fair value adjustment | (15) | |
| less Transition adjustment | (2,088) | |
| Directly issued capital instruments subject to phase out from Tier 2 | 2,672 | Row 47 |
| Instruments issued by subsidiaries subject to phase out from Tier 2 | 763 | |
| add Adjustment for surplus capital attributable to third party holders | 49 | |
| Instruments issued by subsidiaries subject to phase out from Tier 2 | 812 | Row 49 |
| add Directly issued qualifying Tier 2 instruments | 6,068 | Row 46 |
| add Provisions | 257 | Table G |
| Tier 2 capital before regulatory adjustments | 9,809 | Row 51 |
| less Investments in own Tier 2 instruments (trading limit) | (10) | Row 52 |
| less Significant investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions | (85) | Row 55 |
| less Investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55 | (66) | Row 56b |
| Tier 2 capital | 9,648 | Row 58 |

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

| Entity | Activity | Total Assets (\$M) | Total Liabilities (\$M) |
|---|-----------------------------|-----------------------|----------------------------|
| ACN 008 647 185 Pty Ltd | Holding Company | - | - |
| ANZ ILP Pty Ltd | Incorporated Legal Practice | 1 | - |
| ANZ Investment Services (New Zealand) Limited | Funds Management | 52 | 15 |
| ANZ Lenders Mortgage Insurance Pty Limited | Mortgage insurance | 1,231 | 748 |
| ANZ Life Assurance Company Pty Ltd | Insurance | - | - |
| ANZ New Zealand Investments Limited | Funds Management | 133 | 33 |
| ANZ New Zealand Investments Nominees Limited | Nominee | - | - |
| ANZ Self Managed Super Ltd | Investment | - | - |
| ANZ Wealth Alternative Investments Management Pty Ltd | Investment | 1,141 | 1,140 |
| ANZ Wealth Australia Limited | Holding Company | 2,769 | - |
| ANZ Wealth New Zealand Limited | Holding Company | 470 | - |
| ANZcover Insurance Private Ltd | Captive-Insurance | 96 | 36 |
| AUT Administration Pty Ltd | Dormant | 1 | - |
| Capricorn Financial Advisers Pty Ltd | Advice | - | 2 |
| Elders Financial Planning Pty Ltd | Advice | 7 | 1 |
| Financial Investment Network Group Pty Ltd | Advice | 106 | 1 |
| Financial Lifestyle Solutions Pty Limited | Advice | 4 | 4 |
| Financial Planning Hotline Pty Ltd | Advice | - | - |
| Financial Services Partners Holdings Pty Limited | Holding Company / Advice | 2 | - |
| Financial Services Partners Incentive Co Pty Limited | Advice | - | - |
| Financial Services Partners Management Pty Limited | Advice | - | - |
| Financial Services Partners Pty Ltd | Advice | 3 | 2 |
| FSP Funds Management Limited | Advice | 1 | - |
| FSP Group Pty Limited | Holding Company / Advice | 18 | 1 |
| FSP Portfolio Administration Limited | Advice | 1 | - |
| FSP Super Pty Limited | Advice | 6 | - |
| Integrated Networks Pty Limited | Holding Company / Advice | 44 | - |
| Kingfisher Trust 2016-1 | Securitisation Trust | 1,791 | 1,791 |
| Looking Together Pty Ltd | Property price information | 5 | - |
| Mercantile Mutual Financial Services Pty Ltd | Investment | - | - |
| Millennium 3 Financial Services Group Pty Ltd | Advice | 45 | 24 |
| Millennium 3 Financial Services Pty Ltd | Advice | 21 | 13 |
| Millennium 3 Mortgage Platform Services Pty Limited | Advice | - | - |
| Millennium 3 Professional Services Pty Ltd | Advice | 1 | - |
| Nova Pacific Holdings Pty Limited | Investment | - | - |
| OASIS Asset Management Limited | Investment | 9 | 2 |
| OASIS Fund Management Limited | Superannuation | 5 | 2 |
| OneAnswer Nominees Limited | Nominee | - | - |
| OnePath Administration Pty Ltd | Service company | 77 | 35 |
| OnePath Custodians Pty Ltd | Superannuation | 50 | 3 |
| OnePath Financial Planning Pty Ltd | Advice | 1 | - |
| OnePath Funds Management Limited | Investment | 47 | 19 |
| OnePath General Insurance Pty Ltd | Insurance | 159 | 102 |
| OnePath Investment Holdings Pty Ltd | Investment | 7 | - |
| OnePath Life (NZ) Limited | Insurance | 826 | 283 |
| OnePath Life Australia Holdings Pty Ltd | Holding Company | 3,000 | - |
| OnePath Life Limited | Insurance | 40,769 | 38,231 |
| Polaris Financial Solutions Pty Limited | Advice | - | 1 |
| RI Advice Group Pty Ltd | Advice | 7 | - |
| RI Central Coast Pty Ltd | Advice | - | - |
| RI Gold Coast Pty Ltd | Advice | - | - |

| Entity | Activity | Total Assets (\$M) | Total Liabilities (\$M) |
|--------------------------------------|---------------------|-------------------------------|------------------------------------|
| RI Maroochydore Pty Ltd | Advice | - | - |
| RI Newcastle Pty Ltd | Advice | 1 | - |
| RI Parramatta Pty Ltd | Advice | - | - |
| RI Rockhampton & Gladstone Pty Ltd | Advice | - | - |
| RI Townsville Pty Ltd | Advice | - | - |
| Rieas Pty Ltd | Advice | - | - |
| Shout for Good Pty Ltd | Digital Fundraising | - | - |
| Tandem Financial Advice Pty Limited | Advice | - | - |
| Union Investment Company Pty Limited | Advice | - | - |

Table 2 Main features of capital instruments

As the main feature of ANZ's capital instruments are updated on an ongoing basis, ANZ has provided this information separately in the Regulatory Disclosures section of its website shareholder.anz.com/pages/regulatory-disclosure.

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

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

Table 6 Capital adequacy - Capital Ratio and Risk Weighted Assets

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

| | Mar 17 \$M | Sep 16 \$M | Mar 16 \$M |
|--|----------------|----------------|----------------|
| Risk weighted assets (RWA) | | | |
| Subject to Advanced Internal Rating Based (IRB) approach | | | |
| Corporate | 127,544 | 130,799 | 139,643 |
| Sovereign | 6,718 | 6,634 | 6,185 |
| Bank | 14,267 | 14,884 | 15,061 |
| Residential Mortgage | 86,218 | 84,275 | 57,218 |
| Qualifying Revolving Retail | 7,513 | 7,334 | 7,744 |
| Other Retail | 31,004 | 31,360 | 30,681 |
| Credit risk weighted assets subject to Advanced IRB approach | 273,264 | 275,286 | 256,532 |
| Credit risk Specialised Lending exposures subject to slotting approach⁴ | 33,896 | 36,100 | 35,066 |
| Subject to Standardised approach | | | |
| Corporate | 16,264 | 20,459 | 22,149 |
| Residential Mortgage | 2,354 | 2,493 | 2,616 |
| Other Retail | 3,131 | 3,277 | 3,550 |
| Credit risk weighted assets subject to Standardised approach | 21,749 | 26,229 | 28,315 |
| Credit Valuation Adjustment and Qualifying Central Counterparties | 8,168 | 9,371 | 9,147 |
| Credit risk weighted assets relating to securitisation exposures | 1,171 | 1,203 | 1,194 |
| Other assets | 3,561 | 3,844 | 4,054 |
| Total credit risk weighted assets | 341,809 | 352,033 | 334,308 |
| Market risk weighted assets | 6,323 | 6,188 | 6,059 |
| Operational risk weighted assets | 38,576 | 38,661 | 37,688 |
| Interest rate risk in the banking book (IRRBB) risk weighted assets | 10,332 | 11,700 | 10,280 |
| Total risk weighted assets | 397,040 | 408,582 | 388,335 |
| Capital ratios (%)⁵ | | | |
| Level 2 Common Equity Tier 1 capital ratio | 10.1% | 9.6% | 9.8% |
| Level 2 Tier 1 capital ratio | 12.1% | 11.8% | 11.6% |
| Level 2 Total capital ratio | 14.5% | 14.3% | 13.7% |
| Level 1: Extended licensed Common Equity Tier 1 capital ratio | 10.2% | 9.7% | 10.2% |
| Level 1: Extended licensed entity Tier 1 capital ratio | 12.3% | 12.1% | 12.2% |
| Level 1: Extended licensed entity Total capital ratio | 14.8% | 14.7% | 14.4% |
| Other significant Authorised Deposit-taking Institution (ADI) or overseas bank subsidiary: | | | |
| ANZ Bank New Zealand Limited –Common Equity Tier 1 capital ratio | 10.2% | 10.0% | 10.0% |
| ANZ Bank New Zealand Limited - Tier 1 capital ratio | 13.5% | 13.2% | 12.2% |
| ANZ Bank New Zealand Limited - Total capital ratio | 13.8% | 13.7% | 12.8% |

⁴ Specialised Lending exposures subject to slotting approach are those where the main servicing and repayment is from the asset being financed, and includes specified commercial property development/investment lending, project finance and object finance.

⁵ ANZ Bank New Zealand Limited's capital ratios have been calculated in accordance with Reserve Bank of New Zealand prudential standards

Credit Risk Weighted Assets (CRWA)

Total CRWA decreased \$10.2 billion (2.9%) from September 2016 to \$341.8 billion at March 2017. This was mainly driven by foreign currency movements and underlying portfolio contraction in our Institutional business, partially offset by portfolio growth in Australia Residential Mortgage portfolio.

Market Risk, Operational Risk and IRRBB RWA

Traded Market Risk RWA is relatively unchanged HoH with an increase of only AUD 0.14 billion.

IRRBB RWA decreased over the half due to lower repricing and yield curve risk.

The Operational Risk RWA remained relatively unchanged since September 2016 reflecting minimal change in the ANZ operational risk profile

Chapter 4 –Credit risk

Exposure at Default in Table 7 represents credit exposure net of offsets for credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral. It includes Advanced IRB, Specialised Lending and Standardised exposures, however does not include Securitisation, Equities or Other Assets exposures.

Table 7(b) part (i): Period end and average Exposure at Default ^{6 7}

| | | Mar 17 | | | |
|--|--------------------------------|-------------------------------|---|---|------------------------------------|
| | Risk Weighted Assets \$M | Exposure at Default \$M | Average Exposure at Default for half year \$M | Individual provision charge for half year \$M | Write-offs for half year \$M |
| Advanced IRB approach | | | | | |
| Corporate | 127,544 | 228,669 | 228,993 | 289 | 314 |
| Sovereign | 6,718 | 130,805 | 125,869 | (1) | 4 |
| Bank | 14,267 | 45,715 | 47,295 | 3 | - |
| Residential Mortgage | 86,218 | 354,689 | 351,541 | 35 | 22 |
| Qualifying Revolving Retail | 7,513 | 22,273 | 22,334 | 104 | 141 |
| Other Retail | 31,004 | 42,126 | 42,209 | 239 | 270 |
| Total Advanced IRB approach | 273,264 | 824,277 | 818,241 | 669 | 751 |
| Specialised Lending | 33,896 | 38,696 | 39,577 | (3) | 4 |
| Standardised approach | | | | | |
| Corporate | 16,264 | 16,866 | 19,060 | 35 | 44 |
| Residential Mortgage | 2,354 | 6,476 | 6,664 | - | 1 |
| Other Retail | 3,131 | 3,288 | 3,284 | 86 | 102 |
| Total Standardised approach | 21,749 | 26,630 | 29,008 | 121 | 147 |
| Credit Valuation Adjustment and Qualifying Central Counterparties | 8,168 | 9,756 | 10,102 | - | - |
| Total | 337,077 | 899,359 | 896,928 | 787 | 902 |

⁶ Exposure at Default in Table 7 includes Advanced IRB, Specialised Lending and Standardised exposures, however does not include Securitisation, Equities or Other Assets exposures. Exposure at Default in Table 7 is gross of credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral.

⁷ Average Exposure at Default for half year is calculated as the simple average of the balances at the start and the end of each six month period.

| | Sep 16 | | | | |
|--|-----------------------------|----------------------------|---|---|------------------------------------|
| | Risk Weighted Assets \$M | Exposure at Default \$M | Average Exposure at Default for half year \$M | Individual provision charge for half year \$M | Write-offs for half year \$M |
| Advanced IRB approach | | | | | |
| Corporate | 130,799 | 229,317 | 235,169 | 466 | 468 |
| Sovereign | 6,634 | 120,933 | 119,576 | 2 | 2 |
| Bank | 14,884 | 48,875 | 49,001 | - | - |
| Residential Mortgage | 84,275 | 348,394 | 342,854 | 33 | 17 |
| Qualifying Revolving Retail | 7,334 | 22,395 | 22,406 | 104 | 141 |
| Other Retail | 31,360 | 42,291 | 41,617 | 251 | 275 |
| Total Advanced IRB approach | 275,286 | 812,205 | 810,623 | 856 | 903 |
| Specialised Lending | 36,100 | 40,458 | 39,933 | (1) | 8 |
| Standardised approach | | | | | |
| Corporate | 20,459 | 21,254 | 21,875 | 107 | 61 |
| Residential Mortgage | 2,493 | 6,851 | 7,017 | 2 | 3 |
| Other Retail | 3,277 | 3,279 | 3,416 | 83 | 91 |
| Total Standardised approach | 26,229 | 31,384 | 32,308 | 192 | 155 |
| Credit Valuation Adjustment and Qualifying Central Counterparties | 9,371 | 10,448 | 9,071 | - | - |
| Total | 346,986 | 894,495 | 891,935 | 1,047 | 1,066 |

| | Mar 16 | | | | |
|--|-----------------------------|----------------------------|---|---|------------------------------------|
| | Risk Weighted Assets \$M | Exposure at Default \$M | Average Exposure at Default for half year \$M | Individual provision charge for half year \$M | Write-offs for half year \$M |
| Advanced IRB approach | | | | | |
| Corporate | 139,643 | 241,020 | 248,323 | 325 | 139 |
| Sovereign | 6,185 | 118,219 | 118,710 | 2 | - |
| Bank | 15,061 | 49,127 | 51,702 | - | - |
| Residential Mortgage | 57,218 | 337,314 | 330,244 | 10 | 16 |
| Qualifying Revolving Retail | 7,744 | 22,417 | 22,253 | 96 | 130 |
| Other Retail | 30,681 | 40,943 | 43,647 | 258 | 250 |
| Total Advanced IRB approach | 256,532 | 809,040 | 814,879 | 691 | 535 |
| Specialised Lending | 35,066 | 39,407 | 38,559 | 6 | 6 |
| Standardised approach | | | | | |
| Corporate | 22,149 | 22,491 | 24,313 | 115 | 7 |
| Residential Mortgage | 2,616 | 7,182 | 7,497 | (2) | 4 |
| Other Retail | 3,550 | 3,556 | 3,596 | 82 | 104 |
| Total Standardised approach | 28,315 | 33,229 | 35,406 | 195 | 115 |
| Credit Valuation Adjustment and Qualifying Central Counterparties | 9,147 | 7,693 | 7,353 | - | - |
| Total | 329,060 | 889,369 | 896,197 | 892 | 656 |

Table 7(b) part(ii): Exposure at Default by portfolio type⁸

| Portfolio Type | Mar 17 \$M | Sep 16 \$M | Mar 16 \$M | Average for half year Mar 17 \$M |
|---|----------------------|----------------------|----------------------|--|
| Cash | 33,613 | 27,054 | 31,759 | 30,334 |
| Contingents liabilities, commitments, and other off-balance sheet exposures | 153,607 | 154,142 | 160,920 | 153,875 |
| Derivatives | 40,393 | 41,641 | 39,263 | 41,016 |
| Settlement Balances | 18,433 | 16,662 | 20,026 | 17,548 |
| Investment Securities | 58,578 | 58,426 | 43,579 | 58,502 |
| Net Loans, Advances & Acceptances | 565,027 | 563,545 | 557,810 | 564,286 |
| Other assets | 3,411 | 3,134 | 5,405 | 3,273 |
| Trading Securities | 26,297 | 29,891 | 30,607 | 28,094 |
| Total exposures | 899,359 | 894,495 | 889,369 | 896,928 |

⁸ Average for half year is calculated as the simple average of the balances at the start and the end of each six month period.

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

| Mar 17 | | | | |
|-----------------------------------|------------------|--------------------|--|----------------|
| Portfolio Type | Australia \$M | New Zealand \$M | Asia Pacific, Europe and Americas \$M | Total \$M |
| Corporate | 122,728 | 45,911 | 76,896 | 245,535 |
| Sovereign | 47,939 | 8,230 | 74,636 | 130,805 |
| Bank | 20,686 | 4,430 | 20,599 | 45,715 |
| Residential Mortgage | 281,972 | 72,717 | 6,476 | 361,165 |
| Qualifying Revolving Retail | 22,273 | - | - | 22,273 |
| Other Retail | 30,459 | 11,687 | 3,268 | 45,414 |
| Qualifying Central Counterparties | 6,479 | 1,751 | 1,526 | 9,756 |
| Specialised Lending | 27,905 | 10,676 | 115 | 38,696 |
| Total exposures | 560,441 | 155,402 | 183,516 | 899,359 |

| Sep 16 | | | | |
|-----------------------------------|------------------|--------------------|--|----------------|
| Portfolio Type | Australia \$M | New Zealand \$M | Asia Pacific, Europe and Americas \$M | Total \$M |
| Corporate | 122,934 | 48,553 | 79,084 | 250,571 |
| Sovereign | 45,457 | 11,469 | 64,007 | 120,933 |
| Bank | 23,684 | 5,562 | 19,629 | 48,875 |
| Residential Mortgage | 274,291 | 74,104 | 6,850 | 355,245 |
| Qualifying Revolving Retail | 22,395 | - | - | 22,395 |
| Other Retail | 30,232 | 12,083 | 3,255 | 45,570 |
| Qualifying Central Counterparties | 6,905 | 1,651 | 1,892 | 10,448 |
| Specialised Lending | 29,392 | 10,601 | 465 | 40,458 |
| Total exposures | 555,290 | 164,023 | 175,182 | 894,495 |

| Mar 16 | | | | |
|-----------------------------------|------------------|--------------------|--|----------------|
| Portfolio Type | Australia \$M | New Zealand \$M | Asia Pacific, Europe and Americas \$M | Total \$M |
| Corporate | 128,785 | 45,653 | 89,073 | 263,511 |
| Sovereign | 34,905 | 11,681 | 71,633 | 118,219 |
| Bank | 26,487 | 2,340 | 20,300 | 49,127 |
| Residential Mortgage | 270,025 | 67,289 | 7,182 | 344,496 |
| Qualifying Revolving Retail | 22,417 | - | - | 22,417 |
| Other Retail | 29,187 | 11,784 | 3,528 | 44,499 |
| Qualifying Central Counterparties | 3,643 | 1,530 | 2,520 | 7,693 |
| Specialised Lending | 29,276 | 9,709 | 422 | 39,407 |
| Total exposures | 544,725 | 149,986 | 194,658 | 889,369 |

Table 7(d): Industry distribution of Exposure at Default^{9 10}

| Portfolio Type | Mar 17 | | | | | | | | | | | | | | |
|-----------------------------------|---|-----------------------|------------------|-------------------------------------|--------------------------------------|---------------------------------------|--|-------------------|----------------|-----------------------|---------------------|------------------|-------------------------|---------------|----------------|
| | Agriculture, Forestry, Fishing & Mining \$M | Business Services \$M | Construction \$M | Electricity, Gas & Water Supply \$M | Entertainment, Leisure & Tourism \$M | Financial, Investment & Insurance \$M | Government and Official Institutions \$M | Manufacturing \$M | Personal \$M | Property Services \$M | Wholesale Trade \$M | Retail Trade \$M | Transport & Storage \$M | Other \$M | Total \$M |
| Corporate | 43,336 | 9,300 | 5,634 | 9,778 | 12,937 | 26,787 | 2,890 | 41,265 | 1,946 | 18,950 | 24,415 | 13,938 | 15,895 | 18,464 | 245,535 |
| Sovereign | 1,462 | 1 | 32 | 627 | 1 | 74,814 | 51,855 | 939 | 1 | 413 | 21 | - | 405 | 234 | 130,805 |
| Bank | 176 | 5 | 35 | 62 | 4 | 45,331 | - | 19 | - | - | 58 | 10 | 1 | 14 | 45,715 |
| Residential Mortgage | - | - | - | - | - | - | - | - | 361,165 | - | - | - | - | - | 361,165 |
| Qualifying Revolving Retail | - | - | - | - | - | - | - | - | 22,273 | - | - | - | - | - | 22,273 |
| Other Retail | 3,363 | 2,879 | 4,092 | 106 | 2,382 | 710 | 15 | 1,629 | 18,042 | 1,311 | 1,246 | 4,336 | 1,455 | 3,848 | 45,414 |
| Qualifying Central Counterparties | - | - | - | - | - | 9,756 | - | - | - | - | - | - | - | - | 9,756 |
| Specialised Lending | 927 | 4 | 36 | 1,619 | 278 | 1 | - | 1 | - | 34,267 | 14 | 2 | 879 | 668 | 38,696 |
| Total exposures | 49,264 | 12,189 | 9,829 | 12,192 | 15,602 | 157,399 | 54,760 | 43,853 | 403,427 | 54,941 | 25,754 | 18,286 | 18,635 | 23,228 | 899,359 |
| % of Total | 5.5% | 1.4% | 1.1% | 1.4% | 1.7% | 17.4% | 6.1% | 4.9% | 44.8% | 6.1% | 2.9% | 2.0% | 2.1% | 2.6% | 100.0% |

⁹ Property Services includes Commercial property operators, Residential property operators, Retirement village operators/developers, Real estate agents, Non-financial asset investors and Machinery and equipment hiring and leasing.

¹⁰ Other industry includes Health & Community Services, Education, Communication Services and Personal & Other Services.

| Sep 16 | | | | | | | | | | | | | | | |
|-----------------------------------|--|--------------------------|---------------------|--|---|--|---|----------------------|-----------------|--------------------------|------------------------|---------------------|----------------------------|---------------|----------------|
| Portfolio Type | Agriculture, Forestry, Fishing & Mining \$M | Business Services \$M | Construction \$M | Electricity, Gas & Water Supply \$M | Entertainment, Leisure & Tourism \$M | Financial, Investment & Insurance \$M | Government and Official Institutions \$M | Manufacturing \$M | Personal \$M | Property Services \$M | Wholesale Trade \$M | Retail Trade \$M | Transport & Storage \$M | Other \$M | Total \$M |
| Corporate | 42,860 | 9,875 | 6,161 | 9,007 | 12,900 | 28,248 | 3,455 | 41,971 | 2,124 | 19,328 | 25,299 | 14,292 | 16,193 | 18,858 | 250,571 |
| Sovereign | 1,514 | - | 44 | 590 | 9 | 64,277 | 52,213 | 1,177 | - | 384 | 27 | - | 455 | 243 | 120,933 |
| Bank | 182 | 10 | 2 | 27 | 8 | 48,476 | - | 48 | - | - | 45 | 10 | 2 | 65 | 48,875 |
| Residential Mortgage | - | - | - | - | - | - | - | - | 355,245 | - | - | - | - | - | 355,245 |
| Qualifying Revolving | - | - | - | - | - | - | - | - | 22,395 | - | - | - | - | - | 22,395 |
| Retail | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Retail | 3,423 | 2,717 | 3,953 | 105 | 2,301 | 650 | 10 | 1,588 | 18,437 | 1,250 | 1,216 | 4,288 | 1,473 | 4,159 | 45,570 |
| Qualifying Central Counterparties | - | - | - | - | - | 10,448 | - | - | - | - | - | - | - | - | 10,448 |
| Specialised Lending | 1,155 | 6 | 170 | 1,718 | 423 | 2 | - | 5 | - | 35,137 | 11 | 6 | 1,127 | 698 | 40,458 |
| Total exposures | 49,134 | 12,608 | 10,330 | 11,447 | 15,641 | 152,101 | 55,678 | 44,789 | 398,201 | 56,099 | 26,598 | 18,596 | 19,250 | 24,023 | 894,495 |
| % of Total | 5.5% | 1.4% | 1.2% | 1.3% | 1.7% | 17.0% | 6.2% | 5.0% | 44.5% | 6.3% | 3.0% | 2.1% | 2.2% | 2.7% | 100.0% |

| Mar 16 | | | | | | | | | | | | | | | |
|-----------------------------------|--|--------------------------|---------------------|--|---|--|---|----------------------|-----------------|--------------------------|------------------------|---------------------|----------------------------|---------------|----------------|
| Portfolio Type | Agriculture, Forestry, Fishing & Mining \$M | Business Services \$M | Construction \$M | Electricity, Gas & Water Supply \$M | Entertainment, Leisure & Tourism \$M | Financial, Investment & Insurance \$M | Government and Official Institutions \$M | Manufacturing \$M | Personal \$M | Property Services \$M | Wholesale Trade \$M | Retail Trade \$M | Transport & Storage \$M | Other \$M | Total \$M |
| Corporate | 43,326 | 10,726 | 6,596 | 9,497 | 12,675 | 28,254 | 3,139 | 45,881 | 2,277 | 20,433 | 28,389 | 16,166 | 17,385 | 18,767 | 263,511 |
| Sovereign | 1,192 | 8 | 58 | 671 | 8 | 72,455 | 41,579 | 1,207 | - | 514 | 33 | - | 219 | 275 | 118,219 |
| Bank | 1 | 9 | 1 | 25 | 3 | 48,701 | - | 139 | - | - | 83 | 9 | 65 | 91 | 49,127 |
| Residential Mortgage | - | - | - | - | - | - | - | - | 344,496 | - | - | - | - | - | 344,496 |
| Qualifying Revolving | - | - | - | - | - | - | - | - | 22,417 | - | - | - | - | - | 22,417 |
| Retail | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Retail | 3,365 | 2,553 | 3,725 | 102 | 2,194 | 641 | 9 | 1,497 | 18,306 | 1,220 | 1,156 | 4,178 | 1,430 | 4,123 | 44,499 |
| Qualifying Central Counterparties | - | - | - | - | - | 7,693 | - | - | - | - | - | - | - | - | 7,693 |
| Specialised Lending | 1,046 | 7 | 160 | 1,633 | 191 | 7 | - | 4 | - | 34,518 | 7 | 3 | 1,139 | 692 | 39,407 |
| Total exposures | 48,930 | 13,303 | 10,540 | 11,928 | 15,071 | 157,751 | 44,727 | 48,728 | 387,496 | 56,685 | 29,668 | 20,356 | 20,238 | 23,948 | 889,369 |
| % of Total | 5.5% | 1.5% | 1.2% | 1.3% | 1.7% | 17.7% | 5.0% | 5.5% | 43.6% | 6.4% | 3.3% | 2.3% | 2.3% | 2.7% | 100.0% |

Table 7(e): Residual contractual maturity of Exposure at Default¹¹

| Portfolio Type | Mar 17 | | | | Total \$M |
|-----------------------------------|------------------|--------------------|------------------|---------------------------------|----------------|
| | < 12 mths \$M | 1 - 5 years \$M | > 5 years \$M | No Maturity Specified \$M | |
| Corporate | 101,298 | 129,007 | 15,063 | 167 | 245,535 |
| Sovereign | 70,734 | 30,109 | 29,962 | - | 130,805 |
| Bank | 30,075 | 15,295 | 345 | - | 45,715 |
| Residential Mortgage | 337 | 6,355 | 323,327 | 31,146 | 361,165 |
| Qualifying Revolving Retail | - | - | - | 22,273 | 22,273 |
| Other Retail | 16,332 | 8,423 | 20,055 | 604 | 45,414 |
| Qualifying Central Counterparties | 3,202 | 3,654 | 2,552 | 348 | 9,756 |
| Specialised Lending | 15,353 | 22,100 | 1,192 | 51 | 38,696 |
| Total exposures | 237,331 | 214,943 | 392,496 | 54,589 | 899,359 |

| Portfolio Type | Sep 16 | | | | Total \$M |
|-----------------------------------|------------------|--------------------|------------------|---------------------------------|----------------|
| | < 12 mths \$M | 1 - 5 years \$M | > 5 years \$M | No Maturity Specified \$M | |
| Corporate | 100,671 | 133,592 | 16,138 | 170 | 250,571 |
| Sovereign | 57,697 | 30,659 | 32,577 | - | 120,933 |
| Bank | 29,864 | 18,500 | 511 | - | 48,875 |
| Residential Mortgage | 434 | 6,603 | 316,003 | 32,205 | 355,245 |
| Qualifying Revolving Retail | - | - | - | 22,395 | 22,395 |
| Other Retail | 16,640 | 8,293 | 20,000 | 637 | 45,570 |
| Qualifying Central Counterparties | 4,045 | 3,375 | 2,700 | 328 | 10,448 |
| Specialised Lending | 14,161 | 24,510 | 1,732 | 55 | 40,458 |
| Total exposures | 223,512 | 225,532 | 389,661 | 55,790 | 894,495 |

| Portfolio Type | Mar 16 | | | | Total \$M |
|-----------------------------------|------------------|--------------------|------------------|---------------------------------|----------------|
| | < 12 mths \$M | 1 - 5 years \$M | > 5 years \$M | No Maturity Specified \$M | |
| Corporate | 104,567 | 141,552 | 17,228 | 164 | 263,511 |
| Sovereign | 67,147 | 25,012 | 26,060 | - | 118,219 |
| Bank | 29,813 | 18,833 | 481 | - | 49,127 |
| Residential Mortgage | 405 | 7,044 | 305,260 | 31,787 | 344,496 |
| Qualifying Revolving Retail | - | - | - | 22,417 | 22,417 |
| Other Retail | 16,673 | 7,543 | 19,605 | 678 | 44,499 |
| Qualifying Central Counterparties | 2,892 | 2,643 | 2,158 | - | 7,693 |
| Specialised Lending | 13,271 | 24,154 | 1,934 | 48 | 39,407 |
| Total exposures | 234,768 | 226,781 | 372,726 | 55,094 | 889,369 |

¹¹ No Maturity Specified predominately includes credit cards and residential mortgage equity manager accounts.

Table 7(f) part (i): Impaired assets^{12 13}, Past due loans¹⁴, Provisions and Write-offs by Industry sector

| Mar 17 | | | | | | |
|---|-----------------------------|--------------------------------------|------------------------------------|--|--|---------------------------------------|
| Industry Sector | Impaired derivatives \$M | Impaired loans/ facilities \$M | Past due loans ≥ 90 days \$M | Individual provision balance \$M | Individual provision charge for half year \$M | Write-offs for half year \$M |
| Agriculture, Forestry, Fishing & Mining | - | 867 | 150 | 265 | 19 | 25 |
| Business Services | - | 85 | 31 | 51 | 16 | 17 |
| Construction | - | 173 | 62 | 96 | 21 | 22 |
| Electricity, gas and water supply | - | 2 | 1 | 2 | - | - |
| Entertainment Leisure & Tourism | - | 120 | 45 | 58 | 26 | 27 |
| Financial, Investment & Insurance | 1 | 40 | 19 | 16 | 7 | 6 |
| Government & Official Institutions | - | - | - | - | - | 4 |
| Manufacturing | 5 | 347 | 30 | 201 | 12 | 82 |
| Personal | - | 839 | 1,961 | 276 | 358 | 435 |
| Property Services | - | 90 | 57 | 42 | - | 10 |
| Retail Trade | 1 | 115 | 77 | 59 | 20 | 36 |
| Transport & Storage | - | 167 | 24 | 39 | 30 | 12 |
| Wholesale Trade | 3 | 129 | 20 | 71 | 211 | 209 |
| Other | - | 158 | 92 | 93 | 67 | 17 |
| Total | 10 | 3,132 | 2,569 | 1,269 | 787 | 902 |

¹² Impaired derivatives are net of credit value adjustment (CVA) of \$55 million, being a market value based assessment of the credit risk of the relevant counterparties (September 2016: \$63 million; March 2016: \$63 million).

¹³ Impaired loans / facilities include restructured items of \$367 million for customer facilities in which the original contractual terms have been modified for reasons related to the financial difficulties of the customer. Restructuring may consist of reduction of interest, principal or other payments legally due, or an extension in maturity materially beyond those typically offered to new facilities with similar risk (September 2016: \$403 million; March 2016: \$226 million).

¹⁴ For regulatory reporting not well secured portfolio managed retail exposures have been reclassified from past due loans > 90 days to impaired loans / facilities.

| Sep 16 | | | | | | |
|---|-----------------------------|--------------------------------------|-----------------------------------|--|--|------------------------------------|
| Industry Sector | Impaired derivatives \$M | Impaired loans/ facilities \$M | Past due loans ≥90 days \$M | Individual provision balance \$M | Individual provision charge for half year \$M | Write-offs for half year \$M |
| Agriculture, Forestry, Fishing & Mining | - | 1,016 | 93 | 283 | 108 | 102 |
| Business Services | - | 84 | 30 | 46 | 10 | 35 |
| Construction | - | 178 | 58 | 95 | 59 | 32 |
| Electricity, gas and water supply | - | 2 | 1 | 1 | 2 | 4 |
| Entertainment Leisure & Tourism | - | 134 | 44 | 59 | 51 | 28 |
| Financial, Investment & Insurance | 1 | 33 | 23 | 11 | (3) | 14 |
| Government & Official Institutions | - | - | - | 4 | 2 | - |
| Manufacturing | 6 | 466 | 36 | 266 | 322 | 251 |
| Personal | - | 834 | 1,989 | 284 | 374 | 422 |
| Property Services | - | 120 | 63 | 46 | 13 | 26 |
| Retail Trade | 3 | 221 | 68 | 76 | 55 | 38 |
| Transport & Storage | - | 88 | 23 | 25 | 14 | 36 |
| Wholesale Trade | 4 | 115 | 13 | 67 | 18 | 62 |
| Other | - | 72 | 58 | 44 | 22 | 16 |
| Total | 14 | 3,363 | 2,499 | 1,307 | 1,047 | 1,066 |

| Mar 16 | | | | | | |
|---|-----------------------------|--------------------------------------|-----------------------------------|--|--|------------------------------------|
| Industry Sector | Impaired derivatives \$M | Impaired loans/ facilities \$M | Past due loans ≥90 days \$M | Individual provision balance \$M | Individual provision charge for half year \$M | Write-offs for half year \$M |
| Agriculture, Forestry, Fishing & Mining | 5 | 892 | 131 | 284 | 133 | 59 |
| Business Services | - | 121 | 39 | 65 | 27 | 16 |
| Construction | - | 150 | 82 | 67 | 46 | 21 |
| Electricity, gas and water supply | - | 3 | 1 | 3 | 1 | 1 |
| Entertainment Leisure & Tourism | - | 123 | 52 | 54 | 31 | 15 |
| Financial, Investment & Insurance | 1 | 40 | 10 | 23 | 2 | 5 |
| Government & Official Institutions | - | - | 2 | 2 | 2 | - |
| Manufacturing | 7 | 319 | 43 | 198 | 113 | 46 |
| Personal | - | 853 | 1,710 | 233 | 342 | 415 |
| Property Services | - | 96 | 71 | 57 | 17 | 11 |
| Retail Trade | - | 121 | 112 | 66 | 42 | 23 |
| Transport & Storage | 1 | 137 | 23 | 49 | 36 | 8 |
| Wholesale Trade | 5 | 175 | 31 | 117 | 72 | 14 |
| Other | - | 33 | 68 | 20 | 28 | 22 |
| Total | 19 | 3,063 | 2,375 | 1,238 | 892 | 656 |

Table 7(f) part (ii): Impaired asset, Past due loans, Provisions and Write-offs

| | Mar 17 | | | | | |
|--|-----------------------------|--------------------------------------|------------------------------------|--|--|---------------------------------------|
| | Impaired derivatives \$M | Impaired loans/ facilities \$M | Past due loans ≥ 90 days \$M | Individual provision balance \$M | Individual provision charge for half year \$M | Write-offs for half year \$M |
| Portfolios subject to Advanced IRB approach | | | | | | |
| Corporate | 1 | 1,569 | 207 | 614 | 289 | 314 |
| Sovereign | - | - | - | 3 | (1) | 4 |
| Bank | - | 13 | 11 | 3 | 3 | - |
| Residential Mortgage | - | 231 | 1,962 | 104 | 35 | 22 |
| Qualifying Revolving Retail | - | 88 | - | - | 104 | 141 |
| Other Retail | - | 552 | 291 | 289 | 239 | 270 |
| Total Advanced IRB approach | 1 | 2,453 | 2,471 | 1,013 | 669 | 751 |
| Specialised Lending | - | 39 | 30 | 19 | (3) | 4 |
| Portfolios subject to Standardised approach | | | | | | |
| Corporate | 9 | 382 | 42 | 222 | 35 | 44 |
| Residential Mortgage | - | 31 | 18 | 9 | - | 1 |
| Other Retail | - | 227 | 8 | 6 | 86 | 102 |
| Total Standardised approach | 9 | 640 | 68 | 237 | 121 | 147 |
| Qualifying Central Counterparties | - | - | - | - | - | - |
| Total | 10 | 3,132 | 2,569 | 1,269 | 787 | 902 |

| | Sep 16 | | | | | |
|--|-----------------------------|--------------------------------------|-----------------------------------|--|--|---------------------------------------|
| | Impaired derivatives \$M | Impaired loans/ facilities \$M | Past due loans ≥90 days \$M | Individual provision balance \$M | Individual provision charge for half year \$M | Write-offs for half year \$M |
| Portfolios subject to Advanced IRB approach | | | | | | |
| Corporate | 1 | 1,795 | 178 | 653 | 466 | 468 |
| Sovereign | - | - | - | 6 | 2 | 2 |
| Bank | - | - | 11 | - | - | - |
| Residential Mortgage | - | 220 | 1,981 | 94 | 33 | 17 |
| Qualifying Revolving Retail | - | 89 | - | - | 104 | 141 |
| Other Retail | - | 515 | 255 | 281 | 251 | 275 |
| Total Advanced IRB approach | 1 | 2,619 | 2,425 | 1,034 | 856 | 903 |
| Specialised Lending | - | 42 | 38 | 23 | (1) | 8 |
| Portfolios subject to Standardised approach | | | | | | |
| Corporate | 13 | 440 | 18 | 237 | 107 | 61 |
| Residential Mortgage | - | 29 | 11 | 8 | 2 | 3 |
| Other Retail | - | 233 | 7 | 5 | 83 | 91 |
| Total Standardised approach | 13 | 702 | 36 | 250 | 192 | 155 |
| Qualifying Central Counterparties | - | - | - | - | - | - |
| Total | 14 | 3,363 | 2,499 | 1,307 | 1,047 | 1,066 |

| | Mar 16 | | | | | |
|--|-----------------------------|--------------------------------------|-----------------------------------|--|--|---------------------------------------|
| | Impaired derivatives \$M | Impaired loans/ facilities \$M | Past due loans ≥90 days \$M | Individual provision balance \$M | Individual provision charge for half year \$M | Write-offs for half year \$M |
| Portfolios subject to Advanced IRB approach | | | | | | |
| Corporate | 4 | 1,527 | 219 | 646 | 325 | 139 |
| Sovereign | - | 2 | 2 | 6 | 2 | - |
| Bank | - | - | - | - | - | - |
| Residential Mortgage | - | 212 | 1,815 | 77 | 10 | 16 |
| Qualifying Revolving Retail | - | 95 | - | - | 96 | 130 |
| Other Retail | - | 490 | 270 | 265 | 258 | 250 |
| Total Advanced IRB approach | 4 | 2,326 | 2,306 | 994 | 691 | 535 |
| Specialised Lending | - | 73 | 24 | 38 | 6 | 6 |
| Portfolios subject to Standardised approach | | | | | | |
| Corporate | 15 | 419 | 32 | 201 | 115 | 7 |
| Residential Mortgage | - | 32 | 5 | 11 | (2) | 4 |
| Other Retail | - | 213 | 8 | (6) | 82 | 104 |
| Total Standardised approach | 15 | 664 | 45 | 206 | 195 | 115 |
| Qualifying Central Counterparties | - | - | - | - | - | - |
| Total | 19 | 3,063 | 2,375 | 1,238 | 892 | 656 |

Table 7(g): Impaired assets¹⁵,¹⁶, Past due loans¹⁷ and Provisions¹⁸ by Geography

| Mar 17 | | | | | |
|----------------------------------|-----------------------------|--------------------------------------|------------------------------------|--|--|
| Geographic region | Impaired derivatives \$M | Impaired loans/ facilities \$M | Past due loans ≥ 90 days \$M | Individual provision balance \$M | Collective provision balance \$M |
| Australia | 1 | 1,705 | 2,347 | 777 | 1,830 |
| New Zealand | 1 | 488 | 144 | 158 | 411 |
| Asia Pacific, Europe and America | 8 | 939 | 78 | 334 | 544 |
| Total | 10 | 3,132 | 2,569 | 1,269 | 2,785 |

| Sep 16 | | | | | |
|----------------------------------|-----------------------------|--------------------------------------|------------------------------------|--|--|
| Geographic region | Impaired derivatives \$M | Impaired loans/ facilities \$M | Past due loans ≥ 90 days \$M | Individual provision balance \$M | Collective provision balance \$M |
| Australia | 1 | 1,804 | 2,319 | 757 | 1,803 |
| New Zealand | 3 | 483 | 127 | 147 | 456 |
| Asia Pacific, Europe and America | 10 | 1,076 | 53 | 403 | 617 |
| Total | 14 | 3,363 | 2,499 | 1,307 | 2,876 |

| Mar 16 | | | | | |
|----------------------------------|-----------------------------|--------------------------------------|------------------------------------|--|--|
| Geographic region | Impaired derivatives \$M | Impaired loans/ facilities \$M | Past due loans ≥ 90 days \$M | Individual provision balance \$M | Collective provision balance \$M |
| Australia | 7 | 1,771 | 2,145 | 762 | 1,844 |
| New Zealand | - | 330 | 178 | 123 | 421 |
| Asia Pacific, Europe and America | 12 | 962 | 52 | 353 | 597 |
| Total | 19 | 3,063 | 2,375 | 1,238 | 2,862 |

¹⁵ Impaired derivatives are net of credit value adjustment (CVA) of \$55 million, being a market value based assessment of the credit risk of the relevant counterparties (September 2016: \$63 million; March 2016: \$63 million).

¹⁶ Impaired loans / facilities include restructured items of \$367 million for customer facilities in which the original contractual terms have been modified for reasons related to the financial difficulties of the customer. Restructuring may consist of reduction of interest, principal or other payments legally due, or an extension in maturity materially beyond those typically offered to new facilities with similar risk (September 2016: \$403 million; March 2016: \$226 million).

¹⁷ For regulatory reporting not well secured portfolio managed retail exposures have been reclassified from past due loans > 90 days to impaired loans / facilities.

¹⁸ Due to definitional differences, there is a variation in the split between ANZ's Individual Provision and Collective Provision for accounting purposes and the Specific Provision and General Reserve for Credit Losses (GRCL) for regulatory purposes. This does not impact total provisions, and essentially relates to the classification of collectively assessed provisions on defaulted accounts. The disclosures in this document are based on Individual Provision and Collective Provision, for ease of comparison with other published results.

Table 7(h): Provision for Credit Impairment

| | Half year Mar 17 \$M | Half year Sep 16 \$M | Half year Mar 16 \$M |
|---|----------------------------|----------------------------|----------------------------|
| Collective Provision | | | |
| Balance at start of period | 2,876 | 2,862 | 2,956 |
| Charge to income statement | (67) | (9) | 26 |
| Adjustments for exchange rate fluctuations | (24) | 28 | (47) |
| Esanda Sale | - | (5) | (73) |
| Total Collective Provision | 2,785 | 2,876 | 2,862 |
| Individual Provision | | | |
| Balance at start of period | 1,307 | 1,238 | 1,061 |
| New and increased provisions | 1,121 | 1,308 | 1,137 |
| Write-backs | (221) | (151) | (160) |
| Adjustment for exchange rate fluctuations | (12) | 17 | (26) |
| Discount unwind | (24) | (39) | (26) |
| Bad debts written off | (902) | (1,066) | (656) |
| Esanda Sale | - | - | (92) |
| Total Individual Provision | 1,269 | 1,307 | 1,238 |
| Total Provisions for Credit Impairment | 4,054 | 4,183 | 4,100 |

Table 7(j): Specific Provision Balance and General Reserve for Credit Losses¹⁹

| | Mar 17 | | |
|--|--------------------------------------|---|--------------|
| | Specific Provision Balance \$M | General Reserve for Credit Losses \$M | Total \$M |
| Collective Provision | 350 | 2,435 | 2,785 |
| Individual Provision | 1,269 | - | 1,269 |
| Total Provision for Credit Impairment | 1,619 | 2,435 | 4,054 |
| | Sep 16 | | |
| | Specific Provision Balance \$M | General Reserve for Credit Losses \$M | Total \$M |
| Collective Provision | 350 | 2,526 | 2,876 |
| Individual Provision | 1,307 | - | 1,307 |
| Total Provision for Credit Impairment | 1,657 | 2,526 | 4,183 |
| | Mar 16 | | |
| | Specific Provision Balance \$M | General Reserve for Credit Losses \$M | Total \$M |
| Collective Provision | 313 | 2,549 | 2,862 |
| Individual Provision | 1,238 | - | 1,238 |
| Total Provision for Credit Impairment | 1,551 | 2,549 | 4,100 |

¹⁹ Due to definitional differences, there is a variation in the split between ANZ's Individual Provision and Collective Provision for accounting purposes and the Specific Provision and General Reserve for Credit Losses (GRCL) for regulatory purposes. This does not impact total provisions, and essentially relates to the classification of collectively assessed provisions on defaulted accounts. The disclosures in this document are based on Individual Provision and Collective Provision, for ease of comparison with other published results.

Table 8 Credit risk – Disclosures for portfolios subject to the Standardised approach and supervisory risk weights in the IRB approach

Table 8(b): Exposure at Default by risk bucket²⁰

| Risk weight | Mar 17 \$M | Sep 16 \$M | Mar 16 \$M |
|--|---------------|---------------|---------------|
| Standardised approach exposures | | | |
| 0% | - | - | - |
| 20% | 219 | 459 | 255 |
| 35% | 6,061 | 6,417 | 6,820 |
| 50% | 1,927 | 2,067 | 1,417 |
| 75% | 6 | 4 | 2 |
| 100% | 18,118 | 21,834 | 24,056 |
| 150% | 300 | 680 | 740 |
| >150% | 4 | - | - |
| Capital deductions | - | - | - |
| Total | 26,635 | 31,461 | 33,290 |
| Other Asset exposures | | | |
| 0% | - | - | - |
| 20% | 954 | 1,202 | 1,172 |
| 35% | - | - | - |
| 50% | - | - | - |
| 75% | - | - | - |
| 100% | 3,370 | 3,604 | 3,820 |
| 150% | - | - | - |
| >150% | - | - | - |
| Capital deductions | - | - | - |
| Total | 4,324 | 4,806 | 4,992 |
| Specialised Lending exposures | | | |
| 0% | 122 | 182 | 318 |
| 70% | 13,211 | 13,052 | 12,156 |
| 90% | 21,383 | 22,193 | 21,400 |
| 115% | 3,367 | 4,139 | 4,841 |
| 250% | 613 | 892 | 692 |
| Total | 38,696 | 40,458 | 39,407 |

²⁰ Table 8(b) shows exposure at default after credit risk mitigation in each risk category.

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

Portfolios subject to the Advanced IRB (AIRB) approach

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

| IRB Asset Class | Borrower Type | Rating Approach |
|-----------------------------|--|---|
| Corporate | Corporations, partnerships or proprietorships that do not fit into any other asset class | AIRB |
| Sovereign | Central governments Central banks Certain multilateral development banks | AIRB |
| Bank | Banks ²¹ In Australia only, other authorised deposit taking institutions (ADI) incorporated in Australia | AIRB |
| Residential mortgages | Exposures secured by residential property | AIRB |
| Qualifying revolving retail | Consumer credit cards <\$100,000 limit | AIRB |
| Other retail | Small business lending Other lending to consumers | AIRB |
| Specialised Lending | Income Producing Real Estate ²² Project finance Object finance | AIRB – Supervisory Slotting ²³ |
| Other assets | All other assets not falling into the above classes e.g. margin lending, fixed assets | AIRB – fixed risk weights |

In addition, ANZ has applied the Standardised approach to some portfolio segments (mainly retail and local corporates in Asia Pacific) where currently available data does not enable development of advanced internal models for PD, LGD and EAD estimates. Under the Standardised approach, exposures are mapped to several regulatory risk weights, mainly based on the type of counterparty and its external rating.

ANZ applies its full normal risk measurement and management framework to these segments for internal management purposes, such as for economic capital. Standardised segments will be migrated to AIRB if they reach a volume that generates sufficient data for development of advanced internal models.

ANZ has not applied the Foundation IRB approach to any portfolios.

The ANZ rating system

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

- PD is an estimate of the level of the risk of borrower default. Borrower ratings are derived by way of rating models used both at loan origination and for ongoing monitoring.
- EAD is defined as the expected facility exposure at the date of default.
- LGD is an estimate of the potential economic loss on a credit exposure, incurred as a consequence of obligor default and expressed as a percentage of the facility's EAD. When measuring economic loss, all relevant factors are taken into account, including material effects of the timing of cash flows and material direct and indirect costs associated with collecting on the exposure, including realisation of collateral.

²¹ The IRB asset classification of investment banks is Corporate, rather than Bank.

²² Since 2009, APRA has agreed that some large, well-diversified commercial property exposures may be treated as corporate exposures, in line with the original Basel Committee's definition of Specialised Lending.

²³ ANZ uses an internal assessment which is mapped to the appropriate Supervisory Slot.

Effective maturity is also calculated as an input to the risk weighted exposure calculation for bank, sovereign and corporate IRB asset classes.

ANZ's rating system has two separate and distinct dimensions that:

- Measure the PD, which is expressed by the Customer Credit Rating (CCR), reflecting the ability to service and repay debt.
- Measure the LGD as expressed by the Security Indicator (SI) ranging from A to G. The SI is calculated by reference to the percentage of loan covered by security which can be realised in the event of default. This calculation uses standard ratios to adjust the current market value of collateral items to allow for historical realisation outcomes. The security-related SIs are supplemented with a range of other SIs which cover such factors as cash cover, mezzanine finance, intra-group guarantees and sovereign backing as ANZ's LGD research indicates that these transaction characteristics have different recovery outcomes. ANZ's LGD also includes recognition of the different legal and insolvency regimes in different countries, where this has been shown to influence recovery outcomes.

ANZ's corporate PD master scale is made up of 27 rating grades. Each level/grade is separately defined and has a range of default probabilities attached to it. The PD master scale enables ANZ's rating system to be mapped to the gradings of external rating agencies, using the PD as a common element after ensuring that default definitions and other key attributes are aligned. The following table demonstrates this alignment (for one year PDs):

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

In the retail asset classes, most facilities utilise credit rating scores. The scores are calibrated to PDs, and used to allocate exposures to homogenous pools, along with LGD and EAD. ANZ also uses specialised PD master scale/mappings for the sovereign asset class, based predominantly on the corporate master scale.

Table 9(d): Non Retail Exposure at Default subject to Advanced Internal Ratings Based (IRB) approach^{24 25 26}

| | Mar 17 | | | | | | | |
|---|--------------------|--------------------|---------------------|--------------------|--------------------|--------------|----------------|----------------|
| | AAA < A+ \$M | A+ < BBB \$M | BBB < BB+ \$M | BB+ < B+ \$M | B+ < CCC \$M | CCC \$M | Default \$M | Total \$M |
| Exposure at Default | | | | | | | | |
| Corporate | 16,574 | 58,711 | 74,890 | 58,623 | 15,219 | 1,990 | 2,662 | 228,669 |
| Sovereign | 109,437 | 16,053 | 1,930 | 1,592 | 1,780 | 12 | 1 | 130,805 |
| Bank | 18,017 | 22,119 | 3,667 | 1,850 | 39 | 4 | 19 | 45,715 |
| Total | 144,028 | 96,883 | 80,487 | 62,065 | 17,038 | 2,006 | 2,682 | 405,189 |
| % of Total | 35.5% | 23.9% | 19.9% | 15.3% | 4.2% | 0.5% | 0.7% | 100.0% |
| Undrawn commitments (included in above) | | | | | | | | |
| Corporate | 5,505 | 25,581 | 21,893 | 11,167 | 1,587 | 179 | 70 | 65,982 |
| Sovereign | 485 | 420 | 8 | 27 | - | - | - | 940 |
| Bank | 88 | 113 | 159 | 1 | 1 | - | - | 362 |
| Total | 6,078 | 26,114 | 22,060 | 11,195 | 1,588 | 179 | 70 | 67,284 |
| Average Exposure at Default | | | | | | | | |
| Corporate | 4.853 | 3.494 | 1.446 | 0.598 | 0.175 | 0.264 | 0.853 | 0.854 |
| Sovereign | 143.242 | 573.322 | 31.643 | 7.369 | 49.434 | 6.101 | 0.204 | 117.525 |
| Bank | 14.402 | 2.753 | 5.943 | 6.468 | 0.472 | 0.169 | 2.356 | 4.437 |
| Exposure-weighted average Loss Given Default (%) | | | | | | | | |
| Corporate | 55.6% | 57.2% | 46.7% | 39.9% | 34.7% | 40.9% | 40.2% | 47.4% |
| Sovereign | 5.7% | 10.8% | 40.4% | 54.7% | 47.3% | 57.0% | 71.0% | 8.0% |
| Bank | 63.4% | 63.3% | 66.0% | 67.6% | 69.5% | 73.1% | 34.0% | 63.7% |
| Exposure-weighted average risk weight (%) | | | | | | | | |
| Corporate | 19.1% | 34.3% | 52.7% | 70.1% | 86.6% | 200.2% | 142.2% | 55.8% |
| Sovereign | 1.2% | 3.0% | 44.7% | 119.4% | 118.1% | 356.2% | - | 5.1% |
| Bank | 20.7% | 26.4% | 68.5% | 111.0% | 203.3% | 387.1% | 146.5% | 31.2% |

²⁴ In accordance with APS 330, EAD in Table 9(d) includes Advanced IRB exposures; however does not include Specialised Lending, Standardised, Securitisation, Equities or Other Assets exposures. Specialised Lending is excluded from Table 9(d) as it follows the Supervisory Slotting treatment, and a breakdown of risk weightings is provided in Table 8(b).

²⁵ Average EAD is calculated as total EAD post risk mitigants divided by the total number of credit risk generating exposures.

²⁶ Exposure-weighted average risk weight (%) is calculated as CRWA divided by EAD.

| | Sep 16 | | | | | | | |
|---|--------------------|--------------------|---------------------|--------------------|--------------------|--------------|----------------|----------------|
| | AAA < A+ \$M | A+ < BBB \$M | BBB < BB+ \$M | BB+ < B+ \$M | B+ < CCC \$M | CCC \$M | Default \$M | Total \$M |
| Exposure at Default | | | | | | | | |
| Corporate | 17,682 | 55,341 | 76,479 | 59,068 | 15,883 | 2,409 | 2,455 | 229,317 |
| Sovereign | 101,889 | 13,715 | 2,054 | 1,885 | 1,376 | 14 | - | 120,933 |
| Bank | 20,835 | 22,617 | 3,543 | 1,806 | 49 | 25 | - | 48,875 |
| Total | 140,406 | 91,673 | 82,076 | 62,759 | 17,308 | 2,448 | 2,455 | 399,125 |
| % of Total | 35.2% | 23.0% | 20.6% | 15.7% | 4.3% | 0.6% | 0.6% | 100.0% |
| Undrawn commitments (included in above) | | | | | | | | |
| Corporate | 5,665 | 23,176 | 23,150 | 10,299 | 1,569 | 208 | 50 | 64,117 |
| Sovereign | 963 | 364 | 12 | 80 | 43 | - | - | 1,462 |
| Bank | 15 | 47 | 40 | 8 | 1 | - | - | 111 |
| Total | 6,643 | 23,587 | 23,202 | 10,387 | 1,613 | 208 | 50 | 65,690 |
| Average Exposure at Default | | | | | | | | |
| Corporate | 6.131 | 3.423 | 1.441 | 0.610 | 0.182 | 0.352 | 0.758 | 0.862 |
| Sovereign | 139.767 | 489.832 | 38.030 | 11.633 | 28.073 | 1.804 | - | 117.837 |
| Bank | 21.726 | 4.858 | 7.158 | 11.078 | 0.595 | 0.878 | - | 7.657 |
| Exposure-weighted average Loss Given Default (%) | | | | | | | | |
| Corporate | 55.0% | 56.9% | 47.9% | 39.8% | 35.2% | 45.2% | 40.7% | 47.6% |
| Sovereign | 6.1% | 10.4% | 39.6% | 55.0% | 48.2% | 58.3% | - | 8.3% |
| Bank | 63.5% | 61.8% | 62.6% | 67.5% | 70.3% | 52.3% | - | 62.8% |
| Exposure-weighted average risk weight (%) | | | | | | | | |
| Corporate | 19.3% | 35.6% | 55.2% | 70.6% | 89.2% | 212.6% | 141.8% | 56.6% |
| Sovereign | 1.4% | 2.9% | 42.3% | 122.0% | 122.5% | 323.9% | - | 5.4% |
| Bank | 21.3% | 26.4% | 64.6% | 111.6% | 187.5% | 290.4% | - | 30.5% |
| | Mar 16 | | | | | | | |
| | AAA < A+ \$M | A+ < BBB \$M | BBB < BB+ \$M | BB+ < B+ \$M | B+ < CCC \$M | CCC \$M | Default \$M | Total \$M |
| Exposure at Default | | | | | | | | |
| Corporate | 18,036 | 58,829 | 82,853 | 60,082 | 16,516 | 2,481 | 2,223 | 241,020 |
| Sovereign | 94,580 | 18,705 | 1,837 | 1,674 | 1,408 | 15 | - | 118,219 |
| Bank | 17,657 | 26,239 | 3,376 | 1,765 | 89 | 1 | - | 49,127 |
| Total | 130,273 | 103,773 | 88,066 | 63,521 | 18,013 | 2,497 | 2,223 | 408,366 |
| % of Total | 31.9% | 25.4% | 21.6% | 15.6% | 4.4% | 0.6% | 0.5% | 100.0% |
| Undrawn commitments (included in above) | | | | | | | | |
| Corporate | 5,960 | 24,942 | 25,537 | 10,719 | 1,844 | 274 | 56 | 69,332 |
| Sovereign | 655 | 325 | 9 | 48 | 23 | - | - | 1,060 |
| Bank | 3 | 389 | 197 | 9 | - | - | - | 598 |
| Total | 6,618 | 25,656 | 25,743 | 10,776 | 1,867 | 274 | 56 | 70,990 |
| Average Exposure at Default | | | | | | | | |
| Corporate | 6.089 | 3.565 | 1.466 | 0.624 | 0.180 | 0.259 | 0.902 | 0.873 |
| Sovereign | 125.502 | 103.340 | 27.831 | 12.134 | 31.986 | 1.698 | - | 99.151 |
| Bank | 13.540 | 3.351 | 2.779 | 3.453 | 0.828 | 0.052 | - | 4.353 |
| Exposure-weighted average Loss Given Default (%) | | | | | | | | |
| Corporate | 55.4% | 57.4% | 49.5% | 40.6% | 36.1% | 46.9% | 43.9% | 48.7% |
| Sovereign | 6.0% | 9.8% | 42.3% | 54.8% | 46.0% | 59.0% | - | 8.4% |
| Bank | 62.4% | 62.2% | 61.4% | 68.4% | 72.8% | 70.0% | - | 62.5% |
| Exposure-weighted average risk weight (%) | | | | | | | | |
| Corporate | 18.6% | 36.2% | 57.6% | 72.3% | 92.3% | 218.4% | 144.3% | 58.0% |
| Sovereign | 1.2% | 3.0% | 46.9% | 118.8% | 113.8% | 323.1% | - | 5.2% |
| Bank | 22.2% | 25.8% | 64.5% | 115.7% | 202.3% | 369.8% | - | 30.7% |

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

| | Mar 17 | | | | | | | Default \$M | Total \$M |
|---|-----------------|-----------------|-----------------|-----------------|------------------|-------------------|--------------|----------------|--------------|
| | 0.00% <0.11% | 0.11% <0.30% | 0.30% <0.51% | 0.51% <3.49% | 3.49% <10.09% | 10.09% <100.0% | | | |
| | \$M | \$M | \$M | \$M | \$M | \$M | | | |
| Exposure at Default | | | | | | | | | |
| Residential Mortgage | 70,265 | 157,673 | 36,265 | 71,041 | 10,805 | 6,388 | 2,252 | 354,689 | |
| Qualifying Revolving Retail | 11,810 | - | 2,666 | 4,753 | 2,008 | 861 | 175 | 22,273 | |
| Other Retail | 1,188 | 5,507 | 2,345 | 23,099 | 6,854 | 2,212 | 921 | 42,126 | |
| Total | 83,263 | 163,180 | 41,276 | 98,893 | 19,667 | 9,461 | 3,348 | 419,088 | |
| % of Total | 19.9% | 38.9% | 9.8% | 23.6% | 4.7% | 2.3% | 0.8% | 100.0% | |
| Undrawn commitments (included in above) | | | | | | | | | |
| Residential Mortgage | 6,940 | 17,932 | 1,035 | 7,097 | 193 | 186 | 1 | 33,384 | |
| Qualifying Revolving Retail | 9,195 | - | 1,965 | 2,193 | 794 | 100 | 34 | 14,281 | |
| Other Retail | 636 | 2,225 | 1,335 | 2,999 | 538 | 79 | 6 | 7,818 | |
| Total | 16,771 | 20,157 | 4,335 | 12,289 | 1,525 | 365 | 41 | 55,483 | |
| Average Exposure at Default | | | | | | | | | |
| Residential Mortgage | 0.246 | 0.226 | 0.217 | 0.251 | 0.279 | 0.282 | 0.247 | 0.236 | |
| Qualifying Revolving Retail | 0.011 | - | 0.009 | 0.010 | 0.009 | 0.008 | 0.009 | 0.010 | |
| Other Retail | 0.006 | 0.012 | 0.010 | 0.025 | 0.010 | 0.010 | 0.023 | 0.016 | |
| Exposure-weighted average Loss Given Default (%) | | | | | | | | | |
| Residential Mortgage | 19.8% | 19.2% | 19.0% | 21.8% | 20.3% | 20.0% | 20.1% | 19.9% | |
| Qualifying Revolving Retail | 73.2% | 0.0% | 73.2% | 73.2% | 73.2% | 73.2% | 73.2% | 73.2% | |
| Other Retail | 57.7% | 53.6% | 74.2% | 45.4% | 63.7% | 59.4% | 50.9% | 52.3% | |
| Exposure-weighted average risk weight (%) | | | | | | | | | |
| Residential Mortgage | 9.6% | 11.7% | 19.6% | 39.0% | 111.7% | 147.4% | 223.1% | 24.3% | |
| Qualifying Revolving Retail | 5.0% | 0.0% | 13.9% | 39.0% | 113.1% | 207.7% | 0.0% | 33.7% | |
| Other Retail | 29.9% | 36.4% | 55.9% | 59.5% | 110.6% | 177.5% | 226.8% | 73.6% | |

| | Sep 16 | | | | | | | Default \$M | Total \$M |
|---|---------------|----------------|---------------|----------------|---------------|--------------|----------------|----------------|--------------|
| | 0.00% | 0.11% | 0.30% | 0.51% | 3.49% | 10.09% | | | |
| | <0.11% | <0.30% | <0.51% | <3.49% | <10.09% | <100.0% | | | |
| | \$M | \$M | \$M | \$M | \$M | \$M | | | |
| Exposure at Default | | | | | | | | | |
| Residential Mortgage | 71,052 | 153,769 | 31,086 | 74,795 | 9,619 | 5,816 | 2,257 | 348,394 | |
| Qualifying Revolving Retail | - | 11,715 | 2,805 | 5,149 | 1,755 | 799 | 172 | 22,395 | |
| Other Retail | 1,173 | 5,438 | 2,299 | 23,243 | 7,089 | 2,197 | 852 | 42,291 | |
| Total | 72,225 | 170,922 | 36,190 | 103,187 | 18,463 | 8,812 | 3,281 | 413,080 | |
| % of Total | 17.5% | 41.4% | 8.8% | 25.0% | 4.5% | 2.1% | 0.8% | 100.0% | |
| Undrawn commitments (included in above) | | | | | | | | | |
| Residential Mortgage | 6,744 | 17,844 | 1,023 | 7,549 | 159 | 179 | - | 33,498 | |
| Qualifying Revolving Retail | - | 9,144 | 2,069 | 2,418 | 605 | 93 | 31 | 14,360 | |
| Other Retail | 626 | 2,201 | 1,306 | 3,106 | 561 | 85 | 6 | 7,891 | |
| Total | 7,370 | 29,189 | 4,398 | 13,073 | 1,325 | 357 | 37 | 55,749 | |
| Average Exposure at Default | | | | | | | | | |
| Residential Mortgage | 0.242 | 0.224 | 0.209 | 0.253 | 0.270 | 0.278 | 0.249 | 0.234 | |
| Qualifying Revolving Retail | - | 0.011 | 0.009 | 0.010 | 0.009 | 0.008 | 0.009 | 0.010 | |
| Other Retail | 0.006 | 0.012 | 0.010 | 0.025 | 0.011 | 0.011 | 0.020 | 0.016 | |
| Exposure-weighted average Loss Given Default (%) | | | | | | | | | |
| Residential Mortgage | 19.8% | 19.2% | 18.8% | 21.9% | 20.4% | 20.0% | 20.3% | 19.9% | |
| Qualifying Revolving Retail | - | 73.2% | 73.2% | 73.2% | 73.2% | 73.2% | 73.2% | 73.2% | |
| Other Retail | 59.1% | 54.4% | 74.2% | 46.7% | 64.1% | 60.0% | 53.1% | 53.1% | |
| Exposure-weighted average risk weight (%) | | | | | | | | | |
| Residential Mortgage | 9.8% | 11.9% | 18.2% | 38.5% | 112.9% | 148.0% | 223.8% | 24.2% | |
| Qualifying Revolving Retail | - | 5.2% | 14.3% | 39.8% | 112.6% | 209.5% | 366.6% | 32.8% | |
| Other Retail | 31.5% | 37.3% | 55.3% | 60.0% | 111.1% | 178.5% | 228.6% | 74.2% | |
| Mar 16 | | | | | | | | | |
| | 0.00% | 0.11% | 0.30% | 0.51% | 3.49% | 10.09% | Default \$M | Total \$M | |
| | <0.11% | <0.30% | <0.51% | <3.49% | <10.09% | <100.0% | | | |
| | \$M | \$M | \$M | \$M | \$M | \$M | | | |
| Exposure at Default | | | | | | | | | |
| Residential Mortgage | 70,457 | 146,431 | 28,959 | 73,215 | 10,541 | 5,620 | 2,091 | 337,314 | |
| Qualifying Revolving Retail | 11,546 | 516 | 2,072 | 5,020 | 2,188 | 905 | 170 | 22,417 | |
| Other Retail | 1,131 | 5,254 | 2,192 | 22,733 | 6,650 | 2,144 | 839 | 40,943 | |
| Total | 83,134 | 152,201 | 33,223 | 100,968 | 19,379 | 8,669 | 3,100 | 400,674 | |
| % of Total | 20.7% | 38.0% | 8.3% | 25.2% | 4.8% | 2.2% | 0.8% | 100.0% | |
| Undrawn commitments (included in above) | | | | | | | | | |
| Residential Mortgage | 6,466 | 17,366 | 960 | 7,416 | 188 | 180 | 1 | 32,577 | |
| Qualifying Revolving Retail | 9,035 | 515 | 1,372 | 2,330 | 889 | 115 | 30 | 14,286 | |
| Other Retail | 600 | 2,130 | 1,270 | 3,317 | 548 | 79 | 6 | 7,950 | |
| Total | 16,101 | 20,011 | 3,602 | 13,063 | 1,625 | 374 | 37 | 54,813 | |
| Average Exposure at Default | | | | | | | | | |
| Residential Mortgage | 0.239 | 0.216 | 0.197 | 0.241 | 0.278 | 0.274 | 0.233 | 0.226 | |
| Qualifying Revolving Retail | 0.011 | 0.006 | 0.010 | 0.010 | 0.009 | 0.008 | 0.009 | 0.010 | |
| Other Retail | 0.008 | 0.016 | 0.011 | 0.023 | 0.010 | 0.011 | 0.019 | 0.016 | |
| Exposure-weighted average Loss Given Default (%) | | | | | | | | | |
| Residential Mortgage | 19.8% | 19.2% | 19.1% | 22.1% | 20.4% | 20.0% | 20.4% | 20.0% | |
| Qualifying Revolving Retail | 73.2% | 73.2% | 73.2% | 73.2% | 73.2% | 73.2% | 73.2% | 73.2% | |
| Other Retail | 53.6% | 46.8% | 73.9% | 46.5% | 64.0% | 60.0% | 53.1% | 51.9% | |
| Exposure-weighted average risk weight (%) | | | | | | | | | |
| Residential Mortgage | 5.2% | 6.6% | 13.6% | 29.2% | 75.2% | 107.9% | 223.4% | 17.0% | |
| Qualifying Revolving Retail | 4.9% | 11.5% | 14.2% | 38.8% | 111.5% | 206.5% | 337.8% | 34.5% | |
| Other Retail | 31.0% | 36.7% | 55.1% | 61.2% | 112.3% | 177.9% | 236.8% | 74.9% | |

Table 9(e): Actual Losses by portfolio type

| Basel Asset Class | Half year Mar 17 | |
|-----------------------------|------------------------------------|-------------------|
| | Individual provision charge \$M | Write-offs \$M |
| Corporate | 289 | 314 |
| Sovereign | (1) | 4 |
| Bank | 3 | - |
| Residential Mortgage | 35 | 22 |
| Qualifying Revolving Retail | 104 | 141 |
| Other Retail | 239 | 270 |
| Total Advanced IRB | 669 | 751 |
| Specialised Lending | (3) | 4 |
| Standardised approach | 121 | 147 |
| Total | 787 | 902 |

| Basel Asset Class | Half year Sep 16 | |
|-----------------------------|------------------------------------|-------------------|
| | Individual provision charge \$M | Write-offs \$M |
| Corporate | 466 | 468 |
| Sovereign | 2 | 2 |
| Bank | - | - |
| Residential Mortgage | 33 | 17 |
| Qualifying Revolving Retail | 104 | 141 |
| Other Retail | 251 | 275 |
| Total Advanced IRB | 856 | 903 |
| Specialised Lending | (1) | 8 |
| Standardised approach | 192 | 155 |
| Total | 1,047 | 1,066 |

| Basel Asset Class | Half year Mar 16 | |
|-----------------------------|------------------------------------|-------------------|
| | Individual provision charge \$M | Write-offs \$M |
| Corporate | 325 | 139 |
| Sovereign | 2 | - |
| Bank | - | - |
| Residential Mortgage | 10 | 16 |
| Qualifying Revolving Retail | 96 | 130 |
| Other Retail | 258 | 250 |
| Total Advanced IRB | 691 | 535 |
| Specialised Lending | 6 | 6 |
| Standardised approach | 195 | 115 |
| Total | 892 | 656 |

Factors impacting the loss experience

The individual credit impairment charge decreased \$260 million driven AIRB Corporate and Standardised Corporate asset class reflecting the one-off settlement of the Oswal legal dispute in the September 2016 half, and an overall net reduction in resource and commodity stresses across the portfolio in the March 2017 half.

Write offs decreased \$164 million driven by AIRB Corporate asset class reflecting the decrease in the small number of large single names exposures being written-off.

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

| Portfolio Type | Mar 17 | | | | |
|-----------------------------|------------------------|---------------------|---------------------------------------|-------------------------|----------------------|
| | Average Estimated PD % | Average Actual PD % | Average estimated to actual EAD ratio | Average Estimated LGD % | Average Actual LGD % |
| Corporate | 1.60 | 1.10 | 1.13 | 41.25 | 32.79 |
| Sovereign | 0.38 | nil | n/a | n/a | n/a |
| Bank | 0.64 | 0.04 | 0.93 | 46.00 | 58.30 |
| Specialised Lending | n/a | 1.85 | 1.09 | n/a | 23.91 |
| Residential Mortgage | 0.70 | 0.76 | 1.01 | 20.9 | 2.4 |
| Qualifying Revolving Retail | 2.65 | 1.97 | 1.05 | 73.2 | 72.7 |
| Other Retail | 3.92 | 3.75 | 1.05 | 51.3 | 41.9 |

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

Estimated PD and LGD for Specialised Lending exposures have not been provided, since APRA requires the use of supervisory slotting for Regulatory EL calculations.

Actual PD, EAD ratio, Estimated LGD and Actual LGD for Sovereign exposures have not been provided, since there was no Sovereign defaults observed in ANZ Sovereign exposures for the observation period.

The estimated PD is based on the average of the internally estimated long-run PD's for obligors that are not in default at the beginning of each financial year over the period of observation being 2009 to 2017. The actual PD is based on the number of defaulted obligors up to February 2016 compared to the total number of obligors measured.

The EAD ratio compares internally estimated EAD prior to default to realised EAD for defaulted obligors over the 7.5 years of observation being 2009 to February 2017. A ratio greater than 1.0 signifies that on average, the actual defaulted exposures are lower than the estimated exposures at the time of default.

The estimated LGD is the downturn LGD for accounts that defaulted at the beginning of each year during the observation period being 2009 to March 2015. The actual LGD is based on the average realised losses over the period for the accounts observed at the beginning and defaulted during the observation period. For non-retail portfolios, the estimated and actual LGDs are based on accounts that defaulted up to March 2014. Defaults occurring after March 2015 have been excluded from the analysis to allow sufficient time for workout period. Actual LGD for defaults where workouts were not finalised have been estimated to approximate the final actual loss.

For retail portfolios, the estimated and actual LGDs are based on accounts that defaulted in 2011 to 2016 financial years. For the retail portfolios, defaults with non-finalised workout have been excluded from the analysis.

In assessing the accuracy of the credit risk estimates, it should be noted that the period of analysis does not cover a full economic cycle.

Table 10 Credit risk mitigation disclosures**Table 10(b): Credit risk mitigation on Standardised approach portfolios – collateral** ²⁷

| Mar 17 | | | | |
|------------------------------|-----------------|---|-------------------------------------|--------------|
| | Exposure \$M | Eligible Financial Collateral \$M | Other Eligible Collateral \$M | % Coverage |
| Standardised approach | | | | |
| Corporate | 16,866 | 4,403 | 2,787 | 42.6% |
| Residential Mortgage | 6,476 | 1 | - | 0.0% |
| Other Retail | 3,288 | 95 | - | 2.9% |
| Total | 26,630 | 4,499 | 2,787 | 27.4% |

| Sep 16 | | | | |
|------------------------------|-----------------|---|-------------------------------------|--------------|
| | Exposure \$M | Eligible Financial Collateral \$M | Other Eligible Collateral \$M | % Coverage |
| Standardised approach | | | | |
| Corporate | 21,254 | 4,382 | 2,544 | 32.6% |
| Residential Mortgage | 6,851 | 1 | - | 0.0% |
| Other Retail | 3,279 | 63 | - | 1.9% |
| Total | 31,384 | 4,446 | 2,544 | 22.3% |

| Mar 16 | | | | |
|------------------------------|-----------------|---|-------------------------------------|--------------|
| | Exposure \$M | Eligible Financial Collateral \$M | Other Eligible Collateral \$M | % Coverage |
| Standardised approach | | | | |
| Corporate | 22,491 | 2,937 | 1,497 | 19.7% |
| Residential Mortgage | 7,182 | 1 | - | 0.0% |
| Other Retail | 3,556 | 14 | - | 0.4% |
| Total | 33,229 | 2,952 | 1,497 | 13.4% |

²⁷ Eligible Collateral could include cash collateral (cash, certificates deposits and bank bills issued by the lending ADI), gold bullion and highly rated debt securities.

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

| Mar 17 | | | | |
|--|-----------------|--|---|-------------|
| | Exposure \$M | Exposures covered by Guarantees \$M | Exposures covered by Credit Derivatives \$M | % Coverage |
| Advanced IRB | | | | |
| Corporate (incl. Specialised Lending) | 267,365 | 5,313 | 828 | 2.3% |
| Sovereign | 130,805 | 4,286 | - | 3.3% |
| Bank | 45,715 | 11 | - | 0.0% |
| Residential Mortgage | 354,689 | - | - | 0.0% |
| Qualifying Revolving Retail | 22,273 | - | - | 0.0% |
| Other Retail | 42,126 | - | - | 0.0% |
| Total | 862,973 | 9,610 | 828 | 1.2% |
| Standardised approach | | | | |
| Corporate | 16,866 | 245 | - | 1.5% |
| Residential Mortgage | 6,476 | - | - | 0.0% |
| Other Retail | 3,288 | - | - | 0.0% |
| Total | 26,630 | 245 | - | 0.9% |
| Qualifying Central Counterparties | 9,756 | - | - | 0.0% |
| | | | | |
| Sep 16 | | | | |
| | Exposure \$M | Exposures covered by Guarantees \$M | Exposures covered by Credit Derivatives \$M | % Coverage |
| Advanced IRB | | | | |
| Corporate (incl. Specialised Lending) | 269,775 | 4,974 | 589 | 2.1% |
| Sovereign | 120,933 | 4,579 | - | 3.8% |
| Bank | 48,875 | 10 | - | 0.0% |
| Residential Mortgage | 348,394 | - | - | 0.0% |
| Qualifying Revolving Retail | 22,395 | - | - | 0.0% |
| Other Retail | 42,291 | - | - | 0.0% |
| Total | 852,663 | 9,563 | 589 | 1.2% |
| Standardised approach | | | | |
| Corporate | 21,254 | 349 | 26 | 1.8% |
| Residential Mortgage | 6,851 | - | - | 0.0% |
| Other Retail | 3,279 | - | - | 0.0% |
| Total | 31,384 | 349 | 26 | 1.2% |
| Qualifying Central Counterparties | 10,448 | - | - | 0.0% |

| | Mar 16 | | | |
|--|-----------------|--|---|-------------|
| | Exposure \$M | Exposures covered by Guarantees \$M | Exposures covered by Credit Derivatives \$M | % Coverage |
| Advanced IRB | | | | |
| Corporate (incl. Specialised Lending) | 280,427 | 3,939 | 454 | 1.6% |
| Sovereign | 118,219 | 4,353 | - | 3.7% |
| Bank | 49,127 | 57 | - | 0.1% |
| Residential Mortgage | 337,314 | - | - | 0.0% |
| Qualifying Revolving Retail | 22,417 | - | - | 0.0% |
| Other Retail | 40,943 | - | - | 0.0% |
| Total | 848,447 | 8,349 | 454 | 1.0% |
| Standardised approach | | | | |
| Corporate | 22,491 | 405 | 26 | 1.9% |
| Residential Mortgage | 7,182 | - | - | 0.0% |
| Other Retail | 3,556 | - | - | 0.0% |
| Total | 33,229 | 405 | 26 | 1.3% |
| Qualifying Central Counterparties | 7,693 | - | - | 0.0% |

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

| Net derivative credit exposure | Mar 17 | Sep 16 | Mar 16 |
|--|---------------|---------------|---------------|
| | \$M | \$M | \$M |
| Gross positive fair value of contracts | 63,882 | 87,496 | 88,747 |
| Netting benefits | (50,335) | (71,394) | (70,991) |
| Netted current credit exposure | 13,547 | 16,102 | 17,756 |
| Collateral held | (3,861) | (5,259) | (5,473) |
| Net derivatives credit exposure | 9,686 | 10,843 | 12,283 |

Counterparty credit risk exposure – by portfolio type

| Portfolio Type | Mar 17 | Sep 16 | Mar 16 |
|-----------------------------------|---------------|---------------|---------------|
| | \$M | \$M | \$M |
| Corporate | 14,671 | 15,214 | 15,786 |
| Sovereign | 1,801 | 1,801 | 2,529 |
| Bank | 13,540 | 13,537 | 13,687 |
| Qualifying Central Counterparties | 9,756 | 10,120 | 6,450 |
| Specialised Lending | 625 | 969 | 810 |
| Total exposures | 40,393 | 41,641 | 39,263 |

Notional Value of Credit Derivative Hedges

| Product Type | Mar 17 | Sep 16 | Mar 16 |
|------------------------|---------------|---------------|---------------|
| | \$M | \$M | \$M |
| Credit Default Swaps | 729 | 737 | 724 |
| Interest Rate Swaps | - | - | - |
| Currency Swaps | - | - | - |
| Other | - | - | - |
| Total exposures | 729 | 737 | 724 |

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

| | Mar 17 | | |
|---|--------------------------|------------------------|---------------|
| | Protection Bought \$M | Protection Sold \$M | Total \$M |
| Credit derivative products used for own credit portfolio | | | |
| Credit default swaps | 7,764 | 7,384 | 15,148 |
| Total notional value | 7,764 | 7,384 | 15,148 |
| Credit derivative products used for intermediation | | | |
| Credit default swaps | 729 | 729 | 1,458 |
| Total return swaps | - | - | - |
| Total notional value | 729 | 729 | 1,458 |
| Total credit derivative notional value | 8,493 | 8,113 | 16,606 |
| | | | |
| | Sep 16 | | |
| | Protection Bought \$M | Protection Sold \$M | Total \$M |
| Credit derivative products used for own credit portfolio | | | |
| Credit default swaps | 8,397 | 7,796 | 16,193 |
| Total notional value | 8,397 | 7,796 | 16,193 |
| Credit derivative products used for intermediation | | | |
| Credit default swaps | 737 | 737 | 1,474 |
| Total return swaps | - | - | - |
| Total notional value | 737 | 737 | 1,474 |
| Total credit derivative notional value | 9,134 | 8,533 | 17,667 |
| | | | |
| | Mar 16 | | |
| | Protection Bought \$M | Protection Sold \$M | Total \$M |
| Credit derivative products used for own credit portfolio | | | |
| Credit default swaps | 19,921 | 19,365 | 39,286 |
| Total notional value | 19,921 | 19,365 | 39,286 |
| Credit derivative products used for intermediation | | | |
| Credit default swaps | 724 | 724 | 1,448 |
| Total return swaps | - | - | - |
| Total notional value | 724 | 724 | 1,448 |
| Total credit derivative notional value | 20,645 | 20,089 | 40,734 |

Chapter 5 – Securitisation

Banking Book

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

| Traditional securitisations | Mar 17 | | |
|---|-----------------------|-----------------------------|----------------------|
| | ANZ Originated \$M | ANZ Self Securitised \$M | ANZ Sponsored \$M |
| Underlying asset | | | |
| Residential mortgage | 1,750 | 81,224 | - |
| Credit cards and other personal loans | - | - | - |
| Auto and equipment finance | - | - | - |
| Commercial loans | - | - | - |
| Other | - | - | - |
| Total | 1,750 | 81,224 | - |
| Synthetic securitisations | | | |
| | ANZ Originated \$M | ANZ Self Securitised \$M | ANZ Sponsored \$M |
| Underlying asset | | | |
| Residential mortgage | - | - | - |
| Credit cards and other personal loans | - | - | - |
| Auto and equipment finance | - | - | - |
| Commercial loans | - | - | - |
| Other | - | - | - |
| Total | - | - | - |
| Aggregate of traditional and synthetic securitisations | | | |
| | ANZ Originated \$M | ANZ Self Securitised \$M | ANZ Sponsored \$M |
| Underlying asset | | | |
| Residential mortgage | 1,750 | 81,224 | - |
| Credit cards and other personal loans | - | - | - |
| Auto and equipment finance | - | - | - |
| Commercial loans | - | - | - |
| Other | - | - | - |
| Total | 1,750 | 81,224 | - |

| Sep 16 | | | |
|---|----------------|----------------------|---------------|
| Traditional securitisations | ANZ Originated | ANZ Self Securitised | ANZ Sponsored |
| Underlying asset | \$M | \$M | \$M |
| Residential mortgage | - | 80,478 | - |
| Credit cards and other personal loans | - | - | - |
| Auto and equipment finance | - | - | - |
| Commercial loans | - | - | - |
| Other | - | - | - |
| Total | - | 80,478 | - |
| Synthetic securitisations | | | |
| Underlying asset | ANZ Originated | ANZ Self Securitised | ANZ Sponsored |
| Underlying asset | \$M | \$M | \$M |
| Residential mortgage | - | - | - |
| Credit cards and other personal loans | - | - | - |
| Auto and equipment finance | - | - | - |
| Commercial loans | - | - | - |
| Other | - | - | - |
| Total | - | - | - |
| Aggregate of traditional and synthetic securitisations | | | |
| Underlying asset | ANZ Originated | ANZ Self Securitised | ANZ Sponsored |
| Underlying asset | \$M | \$M | \$M |
| Residential mortgage | - | 80,478 | - |
| Credit cards and other personal loans | - | - | - |
| Auto and equipment finance | - | - | - |
| Commercial loans | - | - | - |
| Other | - | - | - |
| Total | - | 80,478 | - |
| Mar 16 | | | |
| Traditional securitisations | ANZ Originated | ANZ Self Securitised | ANZ Sponsored |
| Underlying asset | \$M | \$M | \$M |
| Residential mortgage | - | 79,806 | - |
| Credit cards and other personal loans | - | - | - |
| Auto and equipment finance | - | - | - |
| Commercial loans | - | - | - |
| Other | - | - | - |
| Total | - | 79,806 | - |
| Synthetic securitisations | | | |
| Underlying asset | ANZ Originated | ANZ Self Securitised | ANZ Sponsored |
| Underlying asset | \$M | \$M | \$M |
| Residential mortgage | - | - | - |
| Credit cards and other personal loans | - | - | - |
| Auto and equipment finance | - | - | - |
| Commercial loans | - | - | - |
| Other | - | - | - |
| Total | - | - | - |
| Aggregate of traditional and synthetic securitisations | | | |
| Underlying asset | ANZ Originated | ANZ Self Securitised | ANZ Sponsored |
| Underlying asset | \$M | \$M | \$M |
| Residential mortgage | - | 79,806 | - |
| Credit cards and other personal loans | - | - | - |
| Auto and equipment finance | - | - | - |
| Commercial loans | - | - | - |
| Other | - | - | - |
| Total | - | 79,806 | - |

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

| Underlying asset | Mar 17 | | | | Losses recognised for the six month ended |
|---------------------------------------|-----------------------|--------------------------------|-----------------|-----------------|---|
| | ANZ Originated \$M | ANZ Self Securitised \$M | Impaired \$M | Past due \$M | |
| Residential mortgage | 1,750 | 81,224 | - | 57 | - |
| Credit cards and other personal loans | - | - | - | - | - |
| Auto and equipment finance | - | - | - | - | - |
| Commercial loans | - | - | - | - | - |
| Other | - | - | - | - | - |
| Total | 1,750 | 81,224 | - | 57 | - |

| Underlying asset | Sep 16 | | | | Losses recognised for the six month ended |
|---------------------------------------|-----------------------|--------------------------------|-----------------|-----------------|---|
| | ANZ Originated \$M | ANZ Self Securitised \$M | Impaired \$M | Past due \$M | |
| Residential mortgage | - | 80,478 | - | 44 | - |
| Credit cards and other personal loans | - | - | - | - | - |
| Auto and equipment finance | - | - | - | - | - |
| Commercial loans | - | - | - | - | - |
| Other | - | - | - | - | - |
| Total | - | 80,478 | - | 44 | - |

| Underlying asset | Mar 16 | | | | Losses recognised for the six month ended |
|---------------------------------------|-----------------------|--------------------------------|-----------------|-----------------|---|
| | ANZ Originated \$M | ANZ Self Securitised \$M | Impaired \$M | Past due \$M | |
| Residential mortgage | - | 79,806 | - | 51 | - |
| Credit cards and other personal loans | - | - | - | - | - |
| Auto and equipment finance | - | - | - | - | - |
| Commercial loans | - | - | - | - | - |
| Other | - | - | - | - | - |
| Total | - | 79,806 | - | 51 | - |

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

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

Table 12(j): Banking Book: Securitisation - Summary of current period's activity by underlying asset type and facility²⁸

| Mar 17 | | | | |
|---|--------------------------|--------------------------------|----------------------|--|
| Original value securitised | | | | |
| Securitisation activity by underlying asset type | ANZ Originated \$M | ANZ Self Securitized \$M | ANZ Sponsored \$M | Recognised gain or loss on sale \$M |
| Residential mortgage | 1,750 | 746 | - | - |
| Credit cards and other personal loans | - | - | - | - |
| Auto and equipment finance | - | - | - | - |
| Commercial loans | - | - | - | - |
| Other | - | - | - | - |
| Total | 1,750 | 746 | - | - |

| Securitisation activity by facility provided | Notional amount \$M |
|---|------------------------|
| Liquidity facilities | 18 |
| Funding facilities | 220 |
| Underwriting facilities | - |
| Lending facilities | - |
| Credit enhancements | - |
| Holdings of securities (excluding trading book) | (772) |
| Other | 80 |
| Total | (454) |

| Sep 16 | | | | |
|---|--------------------------|--------------------------------|----------------------|--|
| Original value securitised | | | | |
| Securitisation activity by underlying asset type | ANZ Originated \$M | ANZ Self Securitized \$M | ANZ Sponsored \$M | Recognised gain or loss on sale \$M |
| Residential mortgage | - | 672 | - | - |
| Credit cards and other personal loans | - | - | - | - |
| Auto and equipment finance | - | - | - | - |
| Commercial loans | - | - | - | - |
| Other | - | - | - | - |
| Total | - | 672 | - | - |

| Securitisation activity by facility provided | Notional amount \$M |
|---|------------------------|
| Liquidity facilities | - |
| Funding facilities | 317 |
| Underwriting facilities | - |
| Lending facilities | - |
| Credit enhancements | - |
| Holdings of securities (excluding trading book) | (934) |
| Other | 11 |
| Total | (606) |

²⁸ Activity represents net movement in outstandings.

| | Mar 16 | | | Recognised gain or loss on sale \$M |
|---|--------------------------|--------------------------------|----------------------|--|
| | ANZ Originated \$M | ANZ Self Securitized \$M | ANZ Sponsored \$M | |
| Original value securitised | | | | |
| Securitisation activity by underlying asset type | | | | |
| Residential mortgage | - | 451 | - | - |
| Credit cards and other personal loans | - | - | - | - |
| Auto and equipment finance | - | - | - | - |
| Commercial loans | - | - | - | - |
| Other | - | - | - | - |
| Total | - | 451 | - | - |
| | | | | Notional amount \$M |
| Securitisation activity by facility provided | | | | |
| Liquidity facilities | - | | | |
| Funding facilities | - | | | |
| Underwriting facilities | - | | | |
| Lending facilities | - | | | |
| Credit enhancements | - | | | |
| Holdings of securities (excluding trading book) | (186) | | | |
| Other | 49 | | | |
| Total | (137) | | | |

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

| | Mar 17 \$M | Sep 16 \$M | Mar 16 \$M |
|--|---------------|---------------|---------------|
| Securitisation exposure type - On balance sheet | | | |
| Liquidity facilities | 23 | 5 | 5 |
| Funding facilities | 7,023 | 6,791 | 6,100 |
| Underwriting facilities | - | - | - |
| Lending facilities | - | - | - |
| Credit enhancements | - | - | - |
| Holdings of securities (excluding trading book) | 3,204 | 3,975 | 4,890 |
| Protection provided | - | - | - |
| Other | 182 | 152 | 170 |
| Total | 10,432 | 10,923 | 11,165 |

| | Mar 17 \$M | Sep 16 \$M | Mar 16 \$M |
|---|---------------|---------------|---------------|
| Securitisation exposure type - Off balance sheet | | | |
| Liquidity facilities | 57 | 61 | 62 |
| Funding facilities | - | - | - |
| Underwriting facilities | - | - | - |
| Lending facilities | - | - | - |
| Credit enhancements | - | - | - |
| Holdings of securities (excluding trading book) | - | - | - |
| Protection provided | - | - | - |
| Other | - | - | - |
| Total | 57 | 61 | 62 |

| | Mar-17 \$M | Sep 16 \$M | Mar 16 \$M |
|---|---------------|---------------|---------------|
| Total Securitisation exposure type | | | |
| Liquidity facilities | 80 | 66 | 67 |
| Funding facilities | 7,023 | 6,791 | 6,100 |
| Underwriting facilities | - | - | - |
| Lending facilities | - | - | - |
| Credit enhancements | - | - | - |
| Holdings of securities (excluding trading book) | 3,204 | 3,975 | 4,890 |
| Protection provided | - | - | - |
| Other | 182 | 152 | 170 |
| Total | 10,489 | 10,984 | 11,227 |

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

| Securitisation risk weights | Mar 17 | | Sep 16 | | Mar 16 | |
|-----------------------------|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|
| | Regulatory credit exposure \$M | Risk weighted assets \$M | Regulatory credit exposure \$M | Risk weighted assets \$M | Regulatory credit exposure \$M | Risk weighted assets \$M |
| ≤ 25% | 10,395 | 1,093 | 10,873 | 1,113 | 11,120 | 1,106 |
| >25 ≤ 35% | - | - | - | - | - | - |
| >35 ≤ 50% | - | - | - | - | - | - |
| >50 ≤ 75% | 37 | 21 | 50 | 29 | 45 | 26 |
| >75 ≤ 100% | 57 | 57 | 61 | 61 | 62 | 62 |
| >100 ≤ 650% | - | - | - | - | - | - |
| 1250% (Deduction) | - | - | - | - | - | - |
| Total | 10,489 | 1,171 | 10,984 | 1,203 | 11,227 | 1,194 |

| Resecuritisation risk weights | Mar 17 | | Sep 16 | | Mar 16 | |
|-------------------------------|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|
| | Regulatory credit exposure \$M | Risk weighted assets \$M | Regulatory credit exposure \$M | Risk weighted assets \$M | Regulatory credit exposure \$M | Risk weighted assets \$M |
| ≤ 25% | - | - | - | - | - | - |
| >25 ≤ 35% | - | - | - | - | - | - |
| >35 ≤ 50% | - | - | - | - | - | - |
| >50 ≤ 75% | - | - | - | - | - | - |
| >75 ≤ 100% | - | - | - | - | - | - |
| >100 ≤ 650% | - | - | - | - | - | - |
| 1250% (Deduction) | - | - | - | - | - | - |
| Total | - | - | - | - | - | - |

| Total Securitisation risk weights | Mar 17 | | Sep 16 | | Mar 16 | |
|-----------------------------------|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|
| | Regulatory credit exposure \$M | Risk weighted assets \$M | Regulatory credit exposure \$M | Risk weighted assets \$M | Regulatory credit exposure \$M | Risk weighted assets \$M |
| ≤ 25% | 10,395 | 1,093 | 10,873 | 1,113 | 11,120 | 1,106 |
| >25 ≤ 35% | - | - | - | - | - | - |
| >35 ≤ 50% | - | - | - | - | - | - |
| >50 ≤ 75% | 37 | 21 | 50 | 29 | 45 | 26 |
| >75 ≤ 100% | 57 | 57 | 61 | 61 | 62 | 62 |
| >100 ≤ 650% | - | - | - | - | - | - |
| 1250% (Deduction) | - | - | - | - | - | - |
| Total | 10,489 | 1,171 | 10,984 | 1,203 | 11,227 | 1,194 |

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

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

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

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

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

| | Mar 17 | | |
|--|------------------------------------|--|-----------------------------------|
| | Exposures subject to CRM \$M | Exposures not subject to CRM \$M | Total \$M |
| Resecuritisation exposures retained or purchased | | | |
| Residential mortgage | - | - | - |
| Credit cards and other personal loans | - | - | - |
| Auto and equipment finance | - | - | - |
| Commercial loans | - | - | - |
| Other | - | - | - |
| Total | - | - | - |
| | Exposures to Guarantors \$M | | |
| Resecuritisation exposures by credit worthiness of guarantors | | | |
| Credit Rating Level 1 | - | | |
| Credit Rating Level 2 | - | | |
| Credit Rating Level 3 | - | | |
| Credit Rating Level 4 | - | | |
| Credit Rating Level 5 or below | - | | |
| No Guarantor | - | | |
| Total | - | | |
| | | Exposures to Guarantors \$M | |
| Resecuritisation exposures retained or purchased | | | |
| Residential mortgage | - | - | - |
| Credit cards and other personal loans | - | - | - |
| Auto and equipment finance | - | - | - |
| Commercial loans | - | - | - |
| Other | - | - | - |
| Total | - | - | - |
| | | Exposures to Guarantors \$M | |
| Resecuritisation exposures by credit worthiness of guarantors | | | |
| Credit Rating Level 1 | - | | |
| Credit Rating Level 2 | - | | |
| Credit Rating Level 3 | - | | |
| Credit Rating Level 4 | - | | |
| Credit Rating Level 5 or below | - | | |
| No Guarantor | - | | |
| Total | - | | |
| | | | Exposures to Guarantors \$M |
| Resecuritisation exposures retained or purchased | | | |
| Residential mortgage | - | - | - |
| Credit cards and other personal loans | - | - | - |
| Auto and equipment finance | - | - | - |
| Commercial loans | - | - | - |
| Other | - | - | - |
| Total | - | - | - |
| | | Exposures to Guarantors \$M | |
| Resecuritisation exposures by credit worthiness of guarantors | | | |
| Credit Rating Level 1 | - | | |
| Credit Rating Level 2 | - | | |
| Credit Rating Level 3 | - | | |
| Credit Rating Level 4 | - | | |
| Credit Rating Level 5 or below | - | | |
| No Guarantor | - | | |
| Total | - | | |

Trading Book

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

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

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

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

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

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

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

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

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

| Securitisation exposure type - On balance sheet | Mar 17 \$M | Sep 16 \$M | Mar 16 \$M |
|---|---------------|---------------|---------------|
| Liquidity facilities | - | - | - |
| Funding facilities | - | - | - |
| Underwriting facilities | - | - | - |
| Lending facilities | - | - | - |
| Credit enhancements | - | - | - |
| Holdings of securities | 8 | 19 | - |
| Protection provided | - | - | - |
| Other | - | - | - |
| Total | 8 | 19 | - |

| Securitisation exposure type - Off balance sheet | Mar 17 \$M | Sep 16 \$M | Mar 16 \$M |
|--|---------------|---------------|---------------|
| Liquidity facilities | - | - | - |
| Funding facilities | - | - | - |
| Underwriting facilities | - | - | - |
| Lending facilities | - | - | - |
| Credit enhancements | - | - | - |
| Holdings of securities | - | - | - |
| Protection provided | - | - | - |
| Other | - | - | - |
| Total | - | - | - |

| Total Securitisation exposure type | Mar 17 \$M | Sep 16 \$M | Mar 16 \$M |
|------------------------------------|---------------|---------------|---------------|
| Liquidity facilities | - | - | - |
| Funding facilities | - | - | - |
| Underwriting facilities | - | - | - |
| Lending facilities | - | - | - |
| Credit enhancements | - | - | - |
| Holdings of securities | 8 | 19 | - |
| Protection provided | - | - | - |
| Other | - | - | - |
| Total | 8 | 19 | - |

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

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

Table 12(t)(ii) & Table 12(u)(ii): Trading Book: Aggregate securitisation exposures subject to APS120 and the associated Capital requirements

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

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

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

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

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

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

| | Mar 17 | | Total \$M |
|---|------------------------------------|--|--------------|
| | Exposures subject to CRM \$M | Exposures not subject to CRM \$M | |
| Resecuritisation exposures retained or purchased | | | |
| Residential mortgage | - | - | - |
| Credit cards and other personal loans | - | - | - |
| Auto and equipment finance | - | - | - |
| Commercial loans | - | - | - |
| Other | - | - | - |
| Total | - | - | - |

| | Exposures to Guarantors \$M |
|--|-----------------------------------|
| Resecuritisation exposures by credit worthiness of guarantors | |
| Credit Rating Level 1 | - |
| Credit Rating Level 2 | - |
| Credit Rating Level 3 | - |
| Credit Rating Level 4 | - |
| Credit Rating Level 5 or below | - |
| No Guarantor | - |
| Total | - |

| | Sep 16 | | Total \$M |
|---|------------------------------------|--|--------------|
| | Exposures subject to CRM \$M | Exposures not subject to CRM \$M | |
| Resecuritisation exposures retained or purchased | | | |
| Residential mortgage | - | - | - |
| Credit cards and other personal loans | - | - | - |
| Auto and equipment finance | - | - | - |
| Commercial loans | - | - | - |
| Other | - | - | - |
| Total | - | - | - |

| | Exposures to Guarantors \$M |
|--|-----------------------------------|
| Resecuritisation exposures by credit worthiness of guarantors | |
| Credit Rating Level 1 | - |
| Credit Rating Level 2 | - |
| Credit Rating Level 3 | - |
| Credit Rating Level 4 | - |
| Credit Rating Level 5 or below | - |
| No Guarantor | - |
| Total | - |

| | Mar 16 | | Total \$M |
|---|------------------------------------|--|--------------|
| | Exposures subject to CRM \$M | Exposures not subject to CRM \$M | |
| Resecuritisation exposures retained or purchased | | | |
| Residential mortgage | - | - | - |
| Credit cards and other personal loans | - | - | - |
| Auto and equipment finance | - | - | - |
| Commercial loans | - | - | - |
| Other | - | - | - |
| Total | - | - | - |

| | Exposures to Guarantors \$M |
|--|-----------------------------------|
| Resecuritisation exposures by credit worthiness of guarantors | |
| Credit Rating Level 1 | - |
| Credit Rating Level 2 | - |
| Credit Rating Level 3 | - |
| Credit Rating Level 4 | - |
| Credit Rating Level 5 or below | - |
| No Guarantor | - |
| Total | - |

Chapter 6 – Market risk

Table 13 Market risk – Standard approach

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

| | Mar 17 \$M | Sep 16 \$M | Mar 16 \$M |
|--|---------------|---------------|---------------|
| Interest rate risk | 75 | 79 | 93 |
| Equity position risk | - | 1 | 1 |
| Foreign exchange risk | - | - | - |
| Commodity risk | - | 1 | 1 |
| Total | 75 | 81 | 95 |
| Risk Weighted Assets equivalent | 938 | 1,013 | 1,188 |

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

Table 14 Market risk – Internal models approach**Table 14(f): Value at Risk (VaR) and stressed VaR over the reporting period^{30 31}**

| | Six months ended 31 Mar 17 | | | |
|--------------------------------------|----------------------------|----------------|----------------|-------------------|
| | Mean \$M | Maximum \$M | Minimum \$M | Period end \$M |
| 99% 1 Day Value at Risk (VaR) | | | | |
| Foreign Exchange | 4.8 | 9.2 | 2.6 | 7.9 |
| Interest Rate | 13.0 | 19.7 | 5.3 | 8.6 |
| Credit | 3.1 | 4.2 | 2.0 | 3.9 |
| Commodity | 2.2 | 3.9 | 1.5 | 3.1 |
| Equity | 0.3 | 0.5 | 0.2 | 0.2 |

| | Six months ended 30 Sep 16 | | | |
|--------------------------------------|----------------------------|----------------|----------------|-------------------|
| | Mean \$M | Maximum \$M | Minimum \$M | Period end \$M |
| 99% 1 Day Value at Risk (VaR) | | | | |
| Foreign Exchange | 4.8 | 8.6 | 2.2 | 4.0 |
| Interest Rate | 7.0 | 15.2 | 4.1 | 4.7 |
| Credit | 3.4 | 4.4 | 2.2 | 3.3 |
| Commodity | 1.8 | 2.8 | 1.4 | 2.5 |
| Equity | 0.1 | 0.6 | 0.1 | 0.5 |

| | Six months ended 31 Mar 16 | | | |
|--------------------------------------|----------------------------|----------------|----------------|-------------------|
| | Mean \$M | Maximum \$M | Minimum \$M | Period end \$M |
| 99% 1 Day Value at Risk (VaR) | | | | |
| Foreign Exchange | 5.6 | 11.4 | 2.6 | 5.9 |
| Interest Rate | 11.3 | 20.1 | 6.9 | 9.0 |
| Credit | 3.0 | 4.6 | 2.4 | 2.7 |
| Commodity | 1.7 | 2.5 | 1.0 | 1.2 |
| Equity | 0.2 | 2.0 | 0.1 | 0.1 |

| | Six months ended 31 Mar 17 | | | |
|--------------------------------|----------------------------|----------------|----------------|-------------------|
| | Mean \$M | Maximum \$M | Minimum \$M | Period end \$M |
| 99% 10 Day Stressed VaR | | | | |
| Foreign Exchange | 27.8 | 71.2 | 7.8 | 53.8 |
| Interest Rate | 87.6 | 121.7 | 36.6 | 112.5 |
| Credit | 26.1 | 35.7 | 16.5 | 32.8 |
| Commodity | 8.2 | 13.1 | 3.8 | 7.7 |
| Equity | 2.5 | 3.5 | 1.9 | 2.0 |

| | Six months ended 30 Sep 16 | | | |
|--------------------------------|----------------------------|----------------|----------------|-------------------|
| | Mean \$M | Maximum \$M | Minimum \$M | Period end \$M |
| 99% 10 Day Stressed VaR | | | | |
| Foreign Exchange | 31.7 | 53.0 | 13.0 | 27.1 |
| Interest Rate | 42.8 | 95.2 | 17.7 | 39.4 |
| Credit | 19.6 | 30.2 | 12.5 | 16.7 |
| Commodity | 8.4 | 16.4 | 5.5 | 8.6 |
| Equity | 1.8 | 3.9 | 0.9 | 3.5 |

| | Six months ended 31 Mar 16 | | | |
|--------------------------------|----------------------------|----------------|----------------|-------------------|
| | Mean \$M | Maximum \$M | Minimum \$M | Period end \$M |
| 99% 10 Day Stressed VaR | | | | |
| Foreign Exchange | 29.5 | 59.5 | 11.0 | 33.3 |
| Interest Rate | 55.1 | 79.1 | 26.1 | 36.3 |
| Credit | 21.4 | 34.5 | 14.0 | 20.3 |
| Commodity | 11.4 | 20.6 | 5.8 | 6.7 |
| Equity | 1.5 | 3.1 | 0.6 | 1.6 |

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

³¹ ANZ Financial Statements are inclusive of Linear FVA whereas this is not included in Pillar 3 & Capital Reporting

Chapter 7 – Equities

Table 16 Equities – Disclosures for banking book positions

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

| Equity investments | Mar 17 \$M | |
|---|---------------------|--------------|
| | Balance sheet value | Fair value |
| Value of listed (publicly traded) equities | 2,839 | 2,500 |
| Value of unlisted (privately held) equities | 1,918 | 1,918 |
| Total | 4,757 | 4,418 |

| Equity investments | Sep 16 \$M | |
|---|---------------------|--------------|
| | Balance sheet value | Fair value |
| Value of listed (publicly traded) equities | 2,990 | 2,503 |
| Value of unlisted (privately held) equities | 2,131 | 2,131 |
| Total | 5,121 | 4,634 |

| Equity investments | Mar 16 \$M | |
|---|---------------------|--------------|
| | Balance sheet value | Fair value |
| Value of listed (publicly traded) equities | 3,081 | 2,646 |
| Value of unlisted (privately held) equities | 2,080 | 2,080 |
| Total | 5,161 | 4,726 |

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

| | Half Year Mar 17 \$M | Half Year Sep 16 \$M | Half Year Mar 16 \$M |
|--|----------------------------|----------------------------|----------------------------|
| Realised gains (losses) on equity investments | | | |
| Cumulative realised gains (losses) from disposals and liquidations in the reporting period | - | - | - |
| Cumulative realised losses from impairment and writedowns in the reporting period | (1) | - | (260) |
| Total | (1) | - | (260) |

| | Half Year Mar 17 \$M | Half Year Sep 16 \$M | Half Year Mar 16 \$M |
|--|----------------------------|----------------------------|----------------------------|
| Unrealised gains (losses) on equity investments | | | |
| Total unrealised gains (losses) | (145) | (84) | 6 |
| Total unrealised gains (losses) included in Common Equity Tier 1, Tier 1 and/or Tier 2 capital | (145) | (84) | 6 |

Table 16(f): Equities Risk Weighted Assets

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

Chapter 8 – Interest Rate Risk in the Banking Book

Table 17 Interest Rate Risk in the Banking Book

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

| Standard Shock Scenario Stress Testing: Interest rate shock applied | Change in Economic Value | | |
|--|--------------------------|---------------|---------------|
| | Mar 17 \$M | Sep 16 \$M | Mar 16 \$M |
| AUD | | | |
| 200 basis point parallel increase | (19) | (85) | (200) |
| 200 basis point parallel decrease | (3) | 84 | 215 |
| NZD | | | |
| 200 basis point parallel increase | (58) | (58) | (82) |
| 200 basis point parallel decrease | 53 | 51 | 76 |
| USD | | | |
| 200 basis point parallel increase | (27) | 31 | (81) |
| 200 basis point parallel decrease | 30 | (29) | 92 |
| GBP | | | |
| 200 basis point parallel increase | 11 | 18 | 16 |
| 200 basis point parallel decrease | (11) | (18) | (16) |
| Other | | | |
| 200 basis point parallel increase | (68) | (53) | (80) |
| 200 basis point parallel decrease | 74 | 59 | 87 |
| IRRBB regulatory capital | 827 | 936 | 822 |
| IRRBB regulatory RWA | 10,332 | 11,700 | 10,280 |

IRRBB stress testing methodology

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

Chapter 9 – Leverage and Liquidity Coverage Ratio

Leverage Ratio

The Leverage Ratio requirements are part of the Basel Committee on Banking Supervision (BCBS) Basel III capital framework. It is a simple, non-risk based supplement or backstop to the current risk based capital requirements and is intended to restrict the build-up of excessive leverage in the banking system.

Consistent with the BCBS definition, APRA's Leverage Ratio compares Tier 1 Capital to the Exposure Measure (expressed as a percentage) as defined by APS 110. APRA has not finalised a minimum Leverage Ratio requirement for Australian ADIs, although the current BCBS proposal is for a minimum of 3%. Currently the Leverage Ratio is only a disclosure requirement. APRA intends to consult on the appropriate application of the Leverage Ratio as a minimum requirement for Australian ADIs once BCBS finalises its calibration for implementation as a Pillar 1 requirement by January 2018.

At 31 March 2017, the Group's Leverage Ratio of 5.3% was above the 3% minimum currently proposed by the BCBS. Table 18 below shows the Group's Leverage Ratio calculation as at 31 March 2016 and Table 19 summarises the reconciliation of accounting assets and leverage ratio exposure measure at 31 March 2017.

Table 18 Leverage Ratio

| | Mar 17 \$M | Sep 16 \$M | Mar 16 \$M |
|--|----------------|----------------|----------------|
| On-balance sheet exposures | | | |
| 1 On-balance sheet items (excluding derivatives and securities financing transactions (SFTs), but including collateral) | 764,169 | 762,007 | 751,367 |
| 2 (Asset amounts deducted in determining Basel III Tier 1 capital) | (16,461) | (17,648) | (17,432) |
| 3 Total on-balance sheet exposures (excluding derivatives and SFTs) | 747,708 | 744,359 | 733,935 |
| Derivative exposures | | | |
| 4 Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin) | 9,685 | 11,295 | 12,199 |
| 5 Add-on amounts for potential future credit exposure (PFCE) associated with all derivatives transactions | 28,199 | 27,304 | 26,578 |
| 6 Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework | - | - | - |
| 7 (Deductions of receivables assets for cash variation margin provided in derivatives transactions) | (7,924) | (9,151) | (9,821) |
| 8 (Exempted central counterparty (CCP) leg of client-cleared trade exposures) | - | - | - |
| 9 Adjusted effective notional amount of written credit derivatives | 8,115 | 8,535 | 20,019 |
| 10 (Adjusted effective notional offsets and add-on deductions for written credit derivatives) | (7,107) | (7,383) | (18,433) |
| 11 Total derivative exposures | 30,968 | 30,600 | 30,542 |
| Securities financing transaction exposures | | | |
| 12 Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions | 29,680 | 29,937 | 20,928 |
| 13 (Netted amounts of cash payables and cash receivables of gross SFT assets) | (1,261) | (391) | (387) |
| 14 CCR exposure for SFT assets | 1,867 | 1,871 | 879 |
| 15 Agent transaction exposures | - | - | - |
| 16 Total securities financing transaction exposures | 30,286 | 31,417 | 21,420 |
| Other off-balance sheet exposures | | | |
| 17 Off-balance sheet exposure at gross notional amount | 236,054 | 245,189 | 257,836 |
| 18 (Adjustments for conversion to credit equivalent amounts) | (138,562) | (146,729) | (154,883) |
| 19 Off-balance sheet items | 97,492 | 98,460 | 102,953 |
| Capital and Total Exposures | | | |
| 20 Tier 1 capital | 48,091 | 48,285 | 45,062 |
| 21 Total exposures | 906,454 | 904,836 | 888,850 |
| Leverage ratio | | | |
| 22 Basel III leverage ratio | 5.3% | 5.3% | 5.1% |

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

| | Mar-17 \$M | Sep-16 \$M | Mar-16 \$M |
|---|----------------|----------------|----------------|
| 1 Total consolidated assets as per published financial statements | 896,511 | 914,869 | 895,278 |
| 2 Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation. | (38,781) | (35,432) | (34,236) |
| 3 Adjustment for assets held on the balance sheet in a fiduciary capacity pursuant to the Australian Accounting Standards but excluded from the leverage ratio exposure measure | - | - | - |
| 4 Adjustments for derivative financial instruments. | (32,913) | (56,893) | (58,205) |
| 5 Adjustment for SFTs (i.e. repos and similar secured lending) | 606 | 1,480 | 492 |
| 6 Adjustment for off-balance sheet exposures (i.e. conversion to credit equivalent amounts of off-balance sheet exposures) | 97,492 | 98,460 | 102,953 |
| 7 Other adjustments | (16,461) | (17,648) | (17,432) |
| 8 Leverage ratio exposure | 906,454 | 904,836 | 888,850 |

Table 20 Liquidity Coverage Ratio disclosure template

| | Mar 17 | | Dec 16 | | Sep 16 | |
|---------------------------------|---|--------------------------|----------------------------|--------------------------|----------------------------|--------------------------|
| | Total Unweighted Value \$M | Total Weighted Value \$M | Total Unweighted Value \$M | Total Weighted Value \$M | Total Unweighted Value \$M | Total Weighted Value \$M |
| Liquid assets, of which: | | | | | | |
| 1 | - | 134,040 | - | 128,643 | - | 124,723 |
| 2 | - | 38,125 | - | 45,295 | - | 45,294 |
| 3 | - | 8,249 | - | 8,267 | - | 9,480 |
| Cash outflows | | | | | | |
| 4 | 210,397 | 22,093 | 206,996 | 19,892 | 205,315 | 24,246 |
| 5 | 79,887 | 3,994 | 79,821 | 3,991 | 71,261 | 3,563 |
| 6 | 130,510 | 18,099 | 127,175 | 15,901 | 134,054 | 20,683 |
| 7 | 194,592 | 113,154 | 184,813 | 107,131 | 190,864 | 115,163 |
| 8 | 55,476 | 13,274 | 53,139 | 13,239 | 53,531 | 13,307 |
| 9 | 125,497 | 86,261 | 118,821 | 81,039 | 122,120 | 86,643 |
| 10 | 13,619 | 13,619 | 12,853 | 12,853 | 15,213 | 15,213 |
| 11 | - | 109 | - | 896 | - | 246 |
| 12 | 134,942 | 35,254 | 137,684 | 37,578 | 139,640 | 38,131 |
| 13 | 23,401 | 23,401 | 25,818 | 25,818 | 26,309 | 26,309 |
| 14 | - | - | - | - | - | - |
| 15 | 111,541 | 11,853 | 111,866 | 11,760 | 113,331 | 11,822 |
| 16 | 10,772 | - | 10,807 | - | 10,647 | - |
| 17 | 101,739 | 4,692 | 104,926 | 4,658 | 103,040 | 4,622 |
| 18 | | 175,302 | | 170,155 | | 182,408 |
| Cash inflows | | | | | | |
| 19 | 17,389 | 1,280 | 18,573 | 1,254 | 17,560 | 1,839 |
| 20 | 34,181 | 23,409 | 32,862 | 22,055 | 34,195 | 23,548 |
| 21 | 14,266 | 14,266 | 14,137 | 14,137 | 13,292 | 13,292 |
| 22 | 65,836 | 38,955 | 65,572 | 37,446 | 65,047 | 38,679 |
| 23 | - | 180,414 | - | 182,205 | - | 179,497 |
| 24 | - | 136,347 | - | 132,709 | - | 143,729 |
| 25 | | 132.3% | | 137.3% | | 124.9% |
| | Number of data points used (simple average) | 64 | | 65 | | 66 |

Liquidity Coverage Ratio (LCR)

ANZ's average LCR for the 6 months to 31 March 2017 was 135% with total liquid assets exceeding net outflows by an average of \$46.8b.

The main contributors to net outflows were modelled outflows associated with the bank's corporate and retail deposit portfolios, offset by inflows from maturing loans. While cash outflows associated with derivatives are material, these are effectively offset by derivative cash inflows.

The composition of the liquid asset portfolio has remained relatively stable through the half, with HQLA securities and cash making up on average 72% of total liquid assets.

Through the period the Liquidity Coverage Ratio has remained within a range of 127% to 143%. ANZ has a well diversified deposit and funding base avoiding undue concentrations by investor type, maturity, market source and currency.

ANZ monitors and manages its liquidity risk on a daily basis including LCR by geography and currency, ensuring ongoing compliance across the network.

Glossary

| | |
|--|---|
| ADI | Authorised Deposit-taking Institution. |
| Basel III Credit Valuation Adjustment (CVA) capital charge | CVA charge is an additional capital requirement under Basel III for bilateral derivative exposures. Derivatives not cleared through a central exchange/counterparty are subject to this additional capital charge and also receive normal CRWA treatment under Basel II principles. |
| Collective provision (CP) | Collective provision is the provision for credit losses that are inherent in the portfolio but not able to be individually identified. A collective provision may only be recognised when a loss event has already occurred. Losses expected as a result of future events, no matter how likely, are not recognised. |
| Credit exposure | The aggregate of all claims, commitments and contingent liabilities arising from on- and off-balance sheet transactions (in the banking book and trading book) with the counterparty or group of related counterparties. |
| Credit risk | The risk of financial loss resulting from the failure of ANZ's customers and counterparties to honour or perform fully the terms of a loan or contract. |
| Credit Valuation Adjustment (CVA) | Over the life of a derivative instrument, ANZ uses a CVA model to adjust fair value to take into account the impact of counterparty credit quality. The methodology calculates the present value of expected losses over the life of the financial instrument as a function of probability of default, loss given default, expected credit risk exposure and an asset correlation factor. Impaired derivatives are also subject to a CVA. |
| Days past due | The number of days a credit obligation is overdue, commencing on the date that the arrears or excess occurs and accruing for each completed calendar day thereafter. |
| Exposure at Default (EAD) | Exposure At Default is defined as the expected facility exposure at the date of default. |
| Impaired assets (IA) | Facilities are classified as impaired when there is doubt as to whether the contractual amounts due, including interest and other payments, will be met in a timely manner. Impaired assets include impaired facilities, and impaired derivatives. Impaired derivatives have a credit valuation adjustment (CVA), which is a market assessment of the credit risk of the relevant counterparties. |
| Impaired loans (IL) | Impaired loans comprise of drawn facilities where the customer's status is defined as impaired. |
| Individual provision charge (IPC) | Individual provision charge is the amount of expected credit losses on financial instruments assessed for impairment on an individual basis (as opposed to on a collective basis). It takes into account expected cash flows over the lives of those financial instruments. |
| Individual provisions (IP) | Individual provisions are assessed on a case-by-case basis for all individually managed impaired assets taking into consideration factors such as the realisable value of security (or other credit mitigants), the likely return available upon liquidation or bankruptcy, legal uncertainties, estimated costs involved in recovery, the market price of the exposure in secondary markets and the amount and timing of expected receipts and recoveries. |
| Internationally Comparable Basel III Capital | The Internationally Comparable Basel 3 CET1 ratio incorporates differences between APRA and both the Basel Committee Basel III framework (including differences identified in the March 2014 Basel Committee Regulatory Consistency Assessment Programme (RCAP) on Basel III implementation in Australia) and its application in major offshore jurisdictions. |

| | |
|--|---|
| Market risk | <p>The risk to ANZ's earnings arising from changes in interest rates, currency exchange rates and credit spreads, or from fluctuations in bond, commodity or equity prices. ANZ has grouped market risk into two broad categories to facilitate the measurement, reporting and control of market risk:</p> <p>Traded market risk - the risk of loss from changes in the value of financial instruments due to movements in price factors for physical and derivative trading positions. Trading positions arise from transactions where ANZ acts as principal with clients or with the market.</p> <p>Non-traded market risk (or balance sheet risk) - comprises interest rate risk in the banking book and the risk to the AUD denominated value of ANZ's capital and earnings due to foreign exchange rate movements.</p> |
| Operational risk | <p>The risk of loss resulting from inadequate or failed internal controls or from external events, including legal risk but excluding reputation risk.</p> |
| Past due facilities | <p>Facilities where a contractual payment has not been met or the customer is outside of contractual arrangements are deemed past due. Past due facilities include those operating in excess of approved arrangements or where scheduled repayments are outstanding but do not include impaired assets.</p> |
| Qualifying Central Counterparties (QCCP) | <p>QCCP is a central counterparty which is an entity that interposes itself between counterparties to derivative contracts. Trades with QCCP attract a more favorable risk weight calculation.</p> |
| Recoveries | <p>Payments received and taken to profit for the current period for the amounts written off in prior financial periods.</p> |
| Restructured items | <p>Restructured items comprise facilities in which the original contractual terms have been modified for reasons related to the financial difficulties of the customer. Restructuring may consist of reduction of interest, principal or other payments legally due, or an extension in maturity materially beyond those typically offered to new facilities with similar risk.</p> |
| Risk Weighted Assets (RWA) | <p>Assets (both on and off-balance sheet) are risk weighted according to each asset's inherent potential for default and what the likely losses would be in the case of default. In the case of non asset backed risks (i.e. market and operational risk), RWA is determined by multiplying the capital requirements for those risks by 12.5.</p> |
| Securitisation risk | <p>The risk of credit related losses greater than expected due to a securitisation failing to operate as anticipated, or of the values and risks accepted or transferred, not emerging as expected.</p> |
| Write-Offs | <p>Facilities are written off against the related provision for impairment when they are assessed as partially or fully uncollectable, and after proceeds from the realisation of any collateral have been received. Where individual provisions recognised in previous periods have subsequently decreased or are no longer required, such impairment losses are reversed in the current period income statement.</p> |

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