2017 | BASEL III PILLAR 3 DISCLOSURE

AS AT 31 MARCH 2017

APS 330: PUBLIC DISCLOSURE

ANZ

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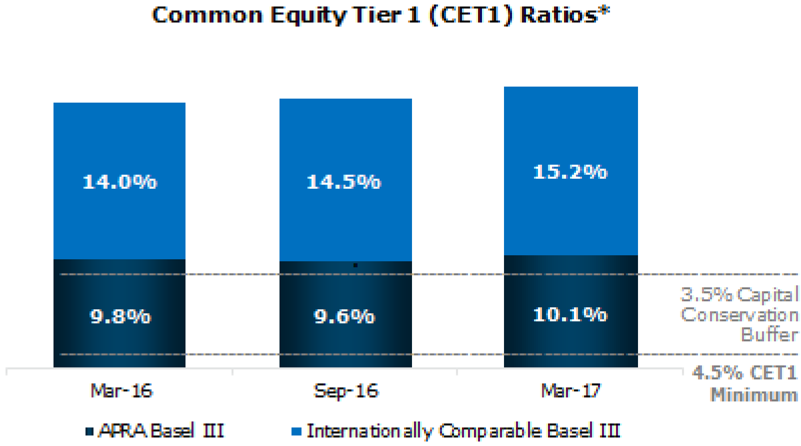
[1] Each table reference adopted in this document aligns to those required by APS 330 to be disclosed at half year.

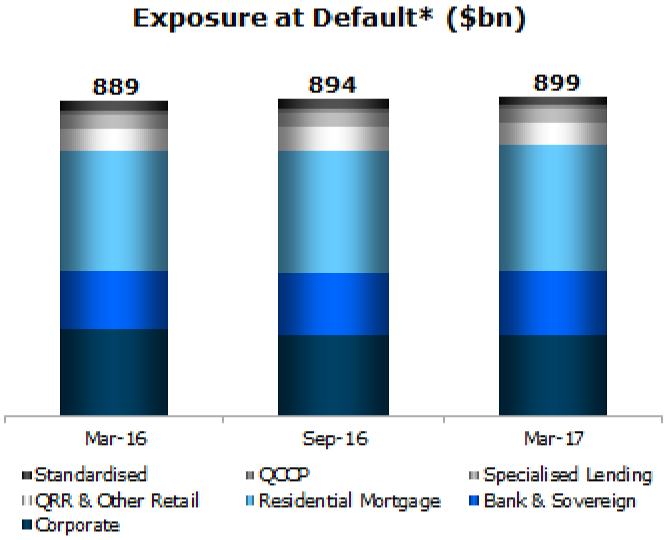
Chapter 1 – Highlights



* 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.

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

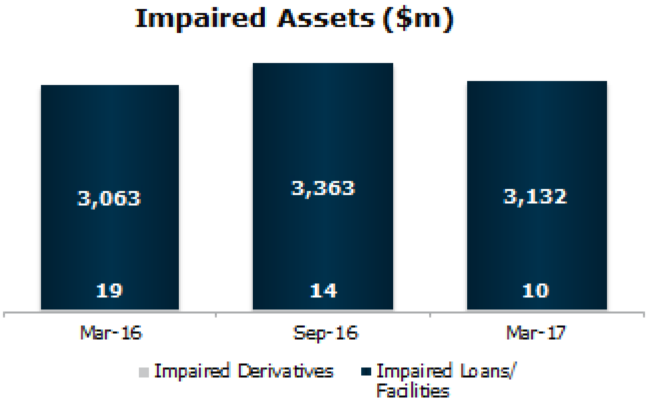
- Net organic capital generation was 119 bps or $4.8 billion. This was primarily driven by earnings and a net reduction in underlying RWA (excluding foreign exchange impacts, regulatory changes and other one-offs). The RWA reduction was mainly driven by a $8.7 billion decrease in Institutional Credit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



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

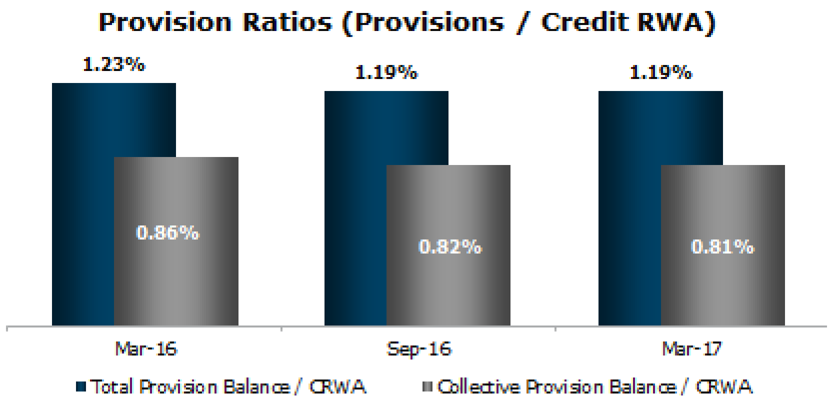
EAD up $4.8bn to $899.4bn for 1H17

- 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



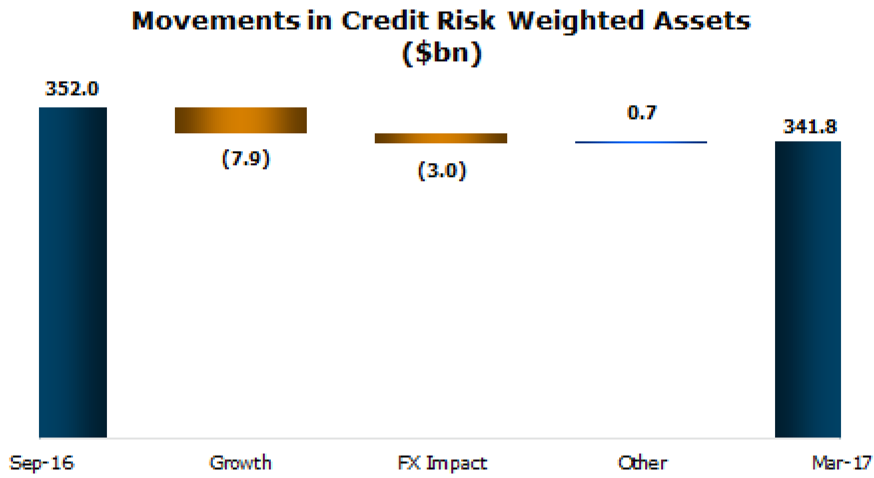
Impaired Assets down $231m, 7% HoH

- 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 coverage remains sound

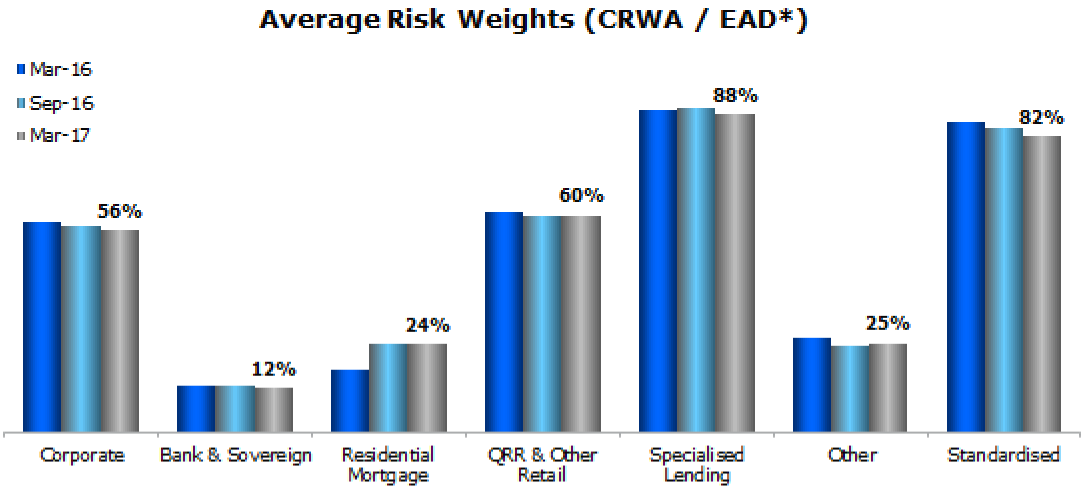
- The total provision ratio is flat HoH at 1.19%. Collective Provision ratio decreased by 1bp to 0.81% and continues to provide adequate coverage.



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 Mortgages.



*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 adequacy[2]. 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	Directly issued qualifying ordinary shares (and equivalent for mutually-owned entities) capital	29,164	Table A
2	Retained earnings	27,827	Table B
3	Accumulated other comprehensive income (and other reserves)	178	Table C
4	Directly issued capital subject to phase out from CET1 (only applicable to mutually-owned companies)	n/a	
5	Ordinary share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	53	Table D
6	Common Equity Tier 1 capital before regulatory adjustments	**57,222**	
Common Equity Tier 1 capital : regulatory adjustments			
7	Prudential valuation adjustments	-	
8	Goodwill (net of related tax liability)	3,532	Table E
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	3,986	Table F
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	13	Table J
11	Cash-flow hedge reserve	180	
12	Shortfall of provisions to expected losses	696	Table G
13	Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	(8)	
15	Defined benefit superannuation fund net assets	103	Table H
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-	
17	Reciprocal cross-holdings in common equity	-	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
19	Significant investments in the ordinary shares of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	1,669	Table I
20	Mortgage service rights (amount above 10% threshold)	n/a	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	
22	Amount exceeding the 15% threshold	-	
23	of which: significant investments in the ordinary shares of financial entities	-	
24	of which: mortgage servicing rights	n/a	
25	of which: deferred tax assets arising from temporary differences	-	
26	National specific regulatory adjustments (sum of rows 26a - 26j)	6,834	
26a	of which: treasury shares	-	
26b	of which: offset to dividends declared under a dividend reinvestment plan (DRP), to the extent that the dividends are used to purchase new ordinary shares issued by the ADI	-	
26c	of which: deferred fee income	(175)	
26d	of which: equity investments in financial institutions not reported in rows 18, 19 and 23	4,918	Table I
26e	of which: deferred tax assets not reported in rows 10, 21 and 25	889	Table J
26f	of which: capitalised expenses	1,129	Table K
26g	of which: investments in commercial (non-financial) entities that are deducted under APRA prudential requirements	37	Table L
26h	of which: covered bonds in excess of asset cover in pools	-	
26i	of which: undercapitalisation of a non-consolidated subsidiary	-	
26j	of which: other national specific regulatory adjustments not reported in rows 26a to 26i	36	
27	Regulatory adjustments applied to CET1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	
28	Total regulatory adjustments to CET1	**17,005**	
29	Common Equity Tier 1 Capital (CET1)	**40,217**	

		Mar 17 $M	Reconciliation Table Reference
Additional Tier 1 Capital: instruments			
30	Directly issued qualifying Additional Tier 1 instruments	6,630	Table M
31	of which: classified as equity under applicable accounting standards	-	
32	of which: classified as liabilities under applicable accounting standards	6,630	Table M
33	Directly issued capital instruments subject to phase out from Additional Tier 1	1,340	Table M
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	309	Table M
35	of which: instruments issued by subsidiaries subject to phase out	n/a	
36	Additional Tier 1 Capital before regulatory adjustments	8,279	
Additional Tier 1 Capital: regulatory adjustments			
37	Investments in own Additional Tier 1 instruments	-	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	405	Table M
41	National specific regulatory adjustments (sum of rows 41a - 41c)	-	
41a	of which: holdings of capital instruments in group members by other group members on behalf of third parties	-	
41b	of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 39 and 40	-	
41c	of which: other national specific regulatory adjustments not reported in rows 41a and 41b	-	Table M
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
43	Total regulatory adjustments to Additional Tier 1 capital	405	
44	Additional Tier 1 capital (AT1)	7,874	
45	Tier 1 Capital (T1=CET1+AT1)	48,091	
Tier 2 Capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments	6,068	
47	Directly issued capital instruments subject to phase out from Tier 2	2,672	Table N
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group T2)	812	
49	of which: instruments issued by subsidiaries subject to phase out	812	Table N
50	Provisions	257	Table G
51	Tier 2 Capital before regulatory adjustments	9,809	
Tier 2 Capital: regulatory adjustments			
52	Investments in own Tier 2 instruments	10	Table N
53	Reciprocal cross-holdings in Tier 2 instruments	-	
54	Investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
55	Significant investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions	85	Table N
56	National specific regulatory adjustments (sums of rows 56a - 56c)	66	
56a	of which: holdings of capital instruments in group members by other group members on behalf of third parties	-	
56b	of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55	66	Table N
56c	of which: other national specific regulatory adjustments not reported in rows 56a and 56b	-	
57	Total regulatory adjustments to Tier 2 capital	161	
58	Tier 2 capital (T2)	9,648	
59	Total capital (TC=T1+T2)	57,739	
60	Total risk-weighted assets based on APRA standards	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**	

Liabilities	Balance Sheet as in published financial statements ($m)	Adjustments ($m)	Balance sheet under scope of regulatory consolidation ($m)	Template and Reconciliation Table Reference
Settlement balances owed by ANZ	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**	

Shareholders' equity	Balance Sheet as in published financial statements ($m)	Adjustments ($m)	Balance sheet under scope of regulatory consolidation ($m)	Template and Reconciliation Table Reference
Ordinary Share Capital	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 reclassed 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 $M	Table 1 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 $M	Table 1 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 $M	Table 1 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 $M	Table 1 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 $M	Table 1 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 $M	Table 1 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 $M	Table 1 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 $M	Table 1 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	Propery 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.

Risk weighted assets (RWA)	Mar 17 $M	Sep 16 $M	Mar 16 $M
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 approach[4]	**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				
Advanced IRB approach	Risk Weighted Assets $M	Exposure at Default $M	Average Exposure at Default for half year $M	Individual provision charge for half year $M	Write-offs for half year $M
Corporate	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.

Advanced IRB approach	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
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**

Advanced IRB approach	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
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 type[8]

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]

	Mar 17														
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	43,336	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.

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
	Sep 16														
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 Retail	-	-	-	-	-	-	-	-	22,395	-	-	-	-	-	**22,395**
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%*

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
	Mar 16														
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 Retail	-	-	-	-	-	-	-	-	22,417	-	-	-	-	-	**22,417**
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 Default[11]

	Mar 17				
Portfolio Type	< 12 mths $M	1 - 5 years $M	> 5 years $M	No Maturity Specified $M	Total $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**

	Sep 16				
Portfolio Type	< 12 mths $M	1 - 5 years $M	> 5 years $M	No Maturity Specified $M	Total $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**

	Mar 16				
Portfolio Type	< 12 mths $M	1 - 5 years $M	> 5 years $M	No Maturity Specified $M	Total $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 loans[14], 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.

Industry Sector	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
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**

Industry Sector	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
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 assets[15] [16], Past due loans[17] and Provisions[18] by Geography

Geographic region	Impaired derivatives $M	Impaired loans/ facilities $M	Past due loans ≥ 90 days $M	Individual provision balance $M	Collective provision balance $M
Mar 17					
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**

Geographic region	Impaired derivatives $M	Impaired loans/ facilities $M	Past due loans ≥ 90 days $M	Individual provision balance $M	Collective provision balance $M
Sep 16					
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**

Geographic region	Impaired derivatives $M	Impaired loans/ facilities $M	Past due loans ≥ 90 days $M	Individual provision balance $M	Collective provision balance $M
Mar 16					
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

Collective Provision	Half year Mar 17 $M	Half year Sep 16 $M	Half year Mar 16 $M
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 Losses[19]

	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 bucket[20]

Risk weight

Standardised approach exposures	Mar 17 $M	Sep 16 $M	Mar 16 $M
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	Mar 17 $M	Sep 16 $M	Mar 16 $M
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	Mar 17 $M	Sep 16 $M	Mar 16 $M
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							
	0.00% <0.11% $M	0.11% <0.30% $M	0.30% <0.51% $M	0.51% <3.49% $M	3.49% <10.09% $M	10.09% <100.0% $M	Default $M	Total $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							
	0.00% <0.11% $M	0.11% <0.30% $M	0.30% <0.51% $M	0.51% <3.49% $M	3.49% <10.09% $M	10.09% <100.0% $M	Default $M	Total $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% $M	0.11% <0.30% $M	0.30% <0.51% $M	0.51% <3.49% $M	3.49% <10.09% $M	10.09% <100.0% $M	Default $M	Total $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

	Mar 17				
Portfolio Type	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 $M	Sep 16 $M	Mar 16 $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 $M	Sep 16 $M	Mar 16 $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 $M	Sep 16 $M	Mar 16 $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

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

Traditional securitisations	Sep 16		
Underlying asset	ANZ Originated $M	ANZ Self Securitised $M	ANZ Sponsored $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 $M	ANZ Self Securitised $M	ANZ Sponsored $M
Residential mortgage	-	-	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**-**	**-**	**-**

Aggregate of traditional and synthetic securitisations

Underlying asset	ANZ Originated $M	ANZ Self Securitised $M	ANZ Sponsored $M
Residential mortgage	-	80,478	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**-**	**80,478**	**-**

Traditional securitisations	Mar 16		
Underlying asset	ANZ Originated $M	ANZ Self Securitised $M	ANZ Sponsored $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 $M	ANZ Self Securitised $M	ANZ Sponsored $M
Residential mortgage	-	-	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**-**	**-**	**-**

Aggregate of traditional and synthetic securitisations

Underlying asset	ANZ Originated $M	ANZ Self Securitised $M	ANZ Sponsored $M
Residential mortgage	-	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

	Mar 17				
Underlying asset	ANZ Originated $M	ANZ Self Securitised $M	Impaired $M	Past due $M	Losses recognised for the six month ended $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**	**-**

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

	Mar 16				
Underlying asset	ANZ Originated $M	ANZ Self Securitised $M	Impaired $M	Past due $M	Losses recognised for the six month ended $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 facility[28]

	Mar 17			
	Original value securitised			
Securitisation activity by underlying asset type	ANZ Originated $M	ANZ Self Securitised $M	ANZ Sponsored $M	Recognised gain or loss on sale $M
Residential mortgage	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 Securitised $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

Securitisation activity by underlying asset type	Original value securitised ANZ Originated $M	ANZ Self Securitised $M	ANZ Sponsored $M	Recognised gain or loss on sale $M
Residential mortgage	-	451	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	-	**451**	-	-

Securitisation activity by facility provided	Notional amount $M
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

Securitisation exposure type - On balance sheet	Mar 17 $M	Sep 16 $M	Mar 16 $M
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**

Securitisation exposure type - Off balance sheet	Mar 17 $M	Sep 16 $M	Mar 16 $M
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**

Total Securitisation exposure type	Mar-17 $M	Sep 16 $M	Mar 16 $M
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(l) part (i): Banking Book: Securitisation - Regulatory credit exposures by risk weight band

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

Total Securitisation risk weights	Mar 17 Regulatory credit exposure $M	Mar 17 Risk weighted assets $M	Sep 16 Regulatory credit exposure $M	Sep 16 Risk weighted assets $M	Mar 16 Regulatory credit exposure $M	Mar 16 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		
Resecuritisation exposures retained or purchased	Exposures subject to CRM $M	Exposures not subject to CRM $M	Total $M
Residential mortgage	-	-	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	-	-	-

Resecuritisation exposures by credit worthiness of guarantors	Exposures to Guarantors $M
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		
Resecuritisation exposures retained or purchased	Exposures subject to CRM $M	Exposures not subject to CRM $M	Total $M
Residential mortgage	-	-	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	-	-	-

Resecuritisation exposures by credit worthiness of guarantors	Exposures to Guarantors $M
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		
Resecuritisation exposures retained or purchased	Exposures subject to CRM $M	Exposures not subject to CRM $M	Total $M
Residential mortgage	-	-	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	-	-	-

Resecuritisation exposures by credit worthiness of guarantors	Exposures to Guarantors $M
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		
Resecuritisation exposures retained or purchased	Exposures subject to CRM $M	Exposures not subject to CRM $M	Total $M
Residential mortgage	-	-	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	-	-	-

Resecuritisation exposures by credit worthiness of guarantors	Exposures to Guarantors $M
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		
Resecuritisation exposures retained or purchased	Exposures subject to CRM $M	Exposures not subject to CRM $M	Total $M
Residential mortgage	-	-	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	-	-	-

Resecuritisation exposures by credit worthiness of guarantors	Exposures to Guarantors $M
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		
Resecuritisation exposures retained or purchased	Exposures subject to CRM $M	Exposures not subject to CRM $M	Total $M
Residential mortgage	-	-	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	-	-	-

Resecuritisation exposures by credit worthiness of guarantors	Exposures to Guarantors $M
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			
99% 1 Day Value at Risk (VaR)	Mean $M	Maximum $M	Minimum $M	Period end $M
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			
99% 1 Day Value at Risk (VaR)	Mean $M	Maximum $M	Minimum $M	Period end $M
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			
99% 1 Day Value at Risk (VaR)	Mean $M	Maximum $M	Minimum $M	Period end $M
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			
99% 10 Day Stressed VaR	Mean $M	Maximum $M	Minimum $M	Period end $M
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			
99% 10 Day Stressed VaR	Mean $M	Maximum $M	Minimum $M	Period end $M
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			
99% 10 Day Stressed VaR	Mean $M	Maximum $M	Minimum $M	Period end $M
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)

Realised gains (losses) on equity investments	Half Year Mar 17 $M	Half Year Sep 16 $M	Half Year Mar 16 $M
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)**

Unrealised gains (losses) on equity investments	Half Year Mar 17 $M	Half Year Sep 16 $M	Half Year Mar 16 $M
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

	Change in Economic Value		
Standard Shock Scenario Stress Testing: Interest rate shock applied	**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	High-quality liquid assets (HQLA)	-	134,040	-	128,643	-	124,723
2	Alternative liquid assets (ALA)	-	38,125	-	45,295	-	45,294
3	Reserve Bank of New Zealand (RBNZ) securities	-	8,249	-	8,267	-	9,480
Cash outflows							
4	Retail deposits and deposits from small business customers	210,397	22,093	206,996	19,892	205,315	24,246
5	of which: stable deposits	79,887	3,994	79,821	3,991	71,261	3,563
6	of which: less stable deposits	130,510	18,099	127,175	15,901	134,054	20,683
7	Unsecured wholesale funding	194,592	113,154	184,813	107,131	190,864	115,163
8	of which: operational deposits (all counterparties) and deposits in networks for cooperative banks	55,476	13,274	53,139	13,239	53,531	13,307
9	of which: non-operational deposits (all counterparties)	125,497	86,261	118,821	81,039	122,120	86,643
10	of which: unsecured debt	13,619	13,619	12,853	12,853	15,213	15,213
11	Secured wholesale funding		109		896		246
12	Additional requirements	134,942	35,254	137,684	37,578	139,640	38,131
13	of which: outflows related to derivatives exposures and other collateral requirements	23,401	23,401	25,818	25,818	26,309	26,309
14	of which: outflows related to loss of funding on debt products	-	-	-	-	-	-
15	of which: credit and liquidity facilities	111,541	11,853	111,866	11,760	113,331	11,822
16	Other contractual funding obligations	10,772	-	10,807	-	10,647	-
17	Other contingent funding obligations	101,739	4,692	104,926	4,658	103,040	4,622
18	Total cash outflows		175,302		170,155		182,408
Cash inflows							
19	Secured lending (e.g. reverse repos)	17,389	1,280	18,573	1254	17,560	1,839
20	Inflows from fully performing exposures	34,181	23,409	32,862	22,055	34,195	23,548
21	Other cash inflows	14,266	14,266	14,137	14,137	13,292	13,292
22	Total cash inflows	65,836	38,955	65,572	37,446	65,047	38,679
23	Total liquid assets	-	180,414	-	182,205	-	179,497
24	Total net cash outflows	-	136,347	-	132,709	-	143,729
25	Liquidity Coverage Ratio (%)		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	The risk to ANZ's earnings arising from changes in interest rates, currency exchange rates and credit spreads, or from fluctuations in bond, commodity or equity prices. ANZ has grouped market risk into two broad categories to facilitate the measurement, reporting and control of market risk: Traded market risk - the risk of loss from changes in the value of financial instruments due to movements in price factors for physical and derivative trading positions. Trading positions arise from transactions where ANZ acts as principal with clients or with the market. Non-traded market risk (or balance sheet risk) - comprises interest rate risk in the banking book and the risk to the AUD denominated value of ANZ's capital and earnings due to foreign exchange rate movements.
Operational risk	The risk of loss resulting from inadequate or failed internal controls or from external events, including legal risk but excluding reputation risk.
Past due facilities	Facilities where a contractual payment has not been met or the customer is outside of contractual arrangements are deemed past due. Past due facilities include those operating in excess of approved arrangements or where scheduled repayments are outstanding but do not include impaired assets.
Qualifying Central Counterparties (QCCP)	QCCP is a central counterparty which is an entity that interposes itself between counterparties to derivative contracts. Trades with QCCP attract a more favorable risk weight calculation.
Recoveries	Payments received and taken to profit for the current period for the amounts written off in prior financial periods.
Restructured items	Restructured items comprise facilities in which the original contractual terms have been modified for reasons related to the financial difficulties of the customer. Restructuring may consist of reduction of interest, principal or other payments legally due, or an extension in maturity materially beyond those typically offered to new facilities with similar risk.
Risk Weighted Assets (RWA)	Assets (both on and off-balance sheet) are risk weighted according to each asset's inherent potential for default and what the likely losses would be in the case of default. In the case of non asset backed risks (i.e. market and operational risk), RWA is determined by multiplying the capital requirements for those risks by 12.5.
Securitisation risk	The risk of credit related losses greater than expected due to a securitisation failing to operate as anticipated, or of the values and risks accepted or transferred, not emerging as expected.
Write-Offs	Facilities are written off against the related provision for impairment when they are assessed as partially or fully uncollectable, and after proceeds from the realisation of any collateral have been received. Where individual provisions recognised in previous periods have subsequently decreased or are no longer required, such impairment losses are reversed in the current period income statement.

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