

Capital management - including discontinued operations

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		As at			Movement	
		Mar 19 \$M	Sep 18 \$M	Mar 18 \$M	Mar 19 v. Sep 18	Mar 19 v. Mar 18
Qualifying Capital						
Tier 1						
Shareholders' equity and non-controlling interests ¹		59,971	59,383	59,500	1%	1%
Prudential adjustments to shareholders' equity	Table 1	(43)	(322)	(394)	-87%	-89%
Gross Common Equity Tier 1 capital		59,928	59,061	59,106	1%	1%
Deductions	Table 2	(14,400)	(14,370)	(15,399)	0%	-6%
Common Equity Tier 1 capital		45,528	44,691	43,707	2%	4%
Additional Tier 1 capital	Table 3	7,547	7,527	7,418	0%	2%
Tier 1 capital		53,075	52,218	51,125	2%	4%
Tier 2 capital	Table 4	7,569	7,291	8,040	4%	-6%
Total qualifying capital		60,644	59,509	59,165	2%	2%
Capital adequacy ratios						
Common Equity Tier 1		11.5%	11.4%	11.0%		
Tier 1		13.4%	13.4%	12.9%		
Tier 2		1.9%	1.9%	2.0%		
Total capital ratio		15.3%	15.2%	14.9%		
Risk weighted assets	Table 5	396,291	390,820	395,777	1%	0%

¹ Prior period numbers have not been restated for the impact of AASB 15 to align with previously reported regulatory returns.

Capital management - including discontinued operations, cont'd

	As at			Movement	
	Mar 19 \$M	Sep 18 \$M	Mar 18 \$M	Mar 19 v. Sep 18	Mar 19 v. Mar 18
Table 1: Prudential adjustments to shareholders' equity					
Treasury shares attributable to ANZ Wealth Australia policyholders	328	328	306	0%	7%
Accumulated retained profits and reserves of insurance and funds management entities	(213)	(509)	(608)	-58%	-65%
Deferred fee revenue including fees deferred as part of loan yields	143	132	135	8%	6%
Reserves attributable to investment securities/ available-for-sale assets related to deconsolidated subsidiaries ¹	(139)	(99)	(91)	40%	53%
Other	(162)	(174)	(136)	-7%	19%
Total	(43)	(322)	(394)	-87%	-89%
Table 2: Deductions from Common Equity Tier 1 capital					
Unamortised goodwill & other intangibles (excluding ANZ Wealth Australia and New Zealand)	(3,865)	(3,776)	(3,638)	2%	6%
Intangible component of investments in ANZ Wealth Australia and New Zealand	(1,494)	(1,629)	(1,634)	-8%	-9%
Capitalised software	(1,360)	(1,421)	(1,745)	-4%	-22%
Capitalised expenses including loan and lease origination fees	(1,019)	(1,077)	(1,133)	-5%	-10%
Applicable deferred net tax assets	(1,162)	(1,118)	(869)	4%	34%
Expected losses in excess of eligible provisions	(42)	(609)	(686)	-93%	-94%
Investment in other insurance and funds management subsidiaries	(270)	(270)	(274)	0%	-1%
Investment in ANZ Wealth Australia and New Zealand	(735)	(750)	(1,751)	-2%	-58%
Investment in banking associates and minority interests	(2,501)	(2,333)	(2,272)	7%	10%
Other deductions	(1,952)	(1,387)	(1,397)	41%	40%
Total	(14,400)	(14,370)	(15,399)	0%	-6%
Table 3: Additional Tier 1 capital					
ANZ Capital Notes 1	1,118	1,117	1,117	0%	0%
ANZ Capital Notes 2	1,606	1,605	1,604	0%	0%
ANZ Capital Notes 3	965	965	961	0%	0%
ANZ Capital Notes 4	1,611	1,610	1,609	0%	0%
ANZ Capital Notes 5	925	924	924	0%	0%
ANZ Bank NZ Capital Notes	478	456	467	5%	2%
ANZ Capital Securities	1,336	1,240	1,188	8%	12%
Regulatory adjustments and deductions	(492)	(390)	(452)	26%	9%
Total	7,547	7,527	7,418	0%	2%
Table 4: Tier 2 capital					
General reserve for impairment of financial assets	307	119	123	large	large
Perpetual subordinated notes	423	416	390	2%	8%
Term subordinated debt notes	7,806	7,575	8,216	3%	-5%
Regulatory adjustments and deductions	(967)	(819)	(689)	18%	40%
Total	7,569	7,291	8,040	4%	-6%

¹ On adoption of AASB 9 on 1 October 2018, the classification and measurement of financial assets were revised. Available-for-sale classification used in comparative periods ceases to exist under AASB 9 and a new classification of investment securities was introduced. Comparative information has not been restated.

Capital management - including discontinued operations, cont'd

		As at			Movement	
		Mar 19 \$M	Sep 18 \$M	Mar 18 \$M	Mar 19 v. Sep 18	Mar 19 v. Mar 18
Table 5: Risk weighted assets						
On balance sheet		264,405	255,196	257,304	4%	3%
Commitments		53,079	52,408	53,644	1%	-1%
Contingents		12,149	11,938	12,333	2%	-1%
Derivatives		15,890	18,038	19,541	-12%	-19%
Total credit risk weighted assets	Table 6	345,523	337,580	342,822	2%	1%
Market risk - Traded		5,790	6,808	6,558	-15%	-12%
Market risk - IRRBB		7,245	8,814	9,019	-18%	-20%
Operational risk		37,733	37,618	37,378	0%	1%
Total risk weighted assets		396,291	390,820	395,777	1%	0%

		As at			Movement	
		Mar 19 \$M	Sep 18 \$M	Mar 18 \$M	Mar 19 v. Sep 18	Mar 19 v. Mar 18
Table 6: Credit risk weighted assets by Basel asset class						
Subject to Advanced IRB approach						
Corporate		127,989	121,891	123,253	5%	4%
Sovereign		7,016	6,955	6,896	1%	2%
Bank		15,511	15,908	15,129	-2%	3%
Residential mortgage		101,469	97,764	99,560	4%	2%
Qualifying revolving retail (credit cards)		5,795	6,314	6,845	-8%	-15%
Other retail		28,029	29,373	30,769	-5%	-9%
Credit risk weighted assets subject to Advanced IRB approach		285,809	278,205	282,452	3%	1%
Credit risk specialised lending exposures subject to slotting criteria						
		35,696	33,110	32,065	8%	11%
Subject to Standardised approach						
Corporate		12,252	13,760	15,105	-11%	-19%
Residential mortgage		331	327	321	1%	3%
Other retail (includes credit cards)		81	88	102	-8%	-21%
Credit risk weighted assets subject to Standardised approach		12,664	14,175	15,528	-11%	-18%
Credit Valuation Adjustment and Qualifying Central Counterparties						
		6,217	7,344	7,864	-15%	-21%
Credit risk weighted assets relating to securitisation exposures		1,558	1,600	1,728	-3%	-10%
Other assets		3,579	3,146	3,185	14%	12%
Total credit risk weighted assets		345,523	337,580	342,822	2%	1%

Capital management - including discontinued operations, cont'd

Table 7: Total provision for credit impairment and Basel expected loss by division	Collectively and Individually Assessed Provision			Basel Expected Loss ¹		
	Mar 19 \$M	Sep 18 \$M	Mar 18 \$M	Mar 19 \$M	Sep 18 \$M	Mar 18 \$M
Australia	2,420	1,694	1,690	2,460	2,428	2,499
Institutional	1,340	1,324	1,421	1,041	1,052	1,097
New Zealand	442	360	421	696	664	725
Pacific	67	61	59	8	9	8
TSO and Group Centre	-	4	4	1	-	-
Total provision for credit impairment and expected loss	4,269	3,443	3,595	4,206	4,153	4,329

¹ Only applicable to Advanced Internal Ratings based portfolios.

Table 8: APRA Expected loss in excess of eligible provisions	As at			Movement	
	Mar 19 \$M	Sep 18 \$M	Mar 18 \$M	Mar 19 v. Sep 18	Mar 19 v. Mar 18
APRA Basel 3 expected loss: non-defaulted	2,675	2,664	2,826	0%	-5%
Less: Qualifying collectively assessed provision					
Collectively assessed provision	(3,378)	(2,523)	(2,579)	34%	31%
Non-qualifying collectively assessed provision	395	307	312	29%	27%
Standardised collectively assessed provision	151	119	123	27%	23%
Non-defaulted excess included in deduction	-	567	682	-100%	-100%
APRA Basel 3 expected loss: defaulted	1,531	1,489	1,503	3%	2%
Less: Qualifying individually assessed provision					
Individually assessed provision	(891)	(920)	(1,016)	-3%	-12%
Additional individually assessed provision for partial write offs	(310)	(325)	(301)	-5%	3%
Standardised individually assessed provision	85	79	108	8%	-21%
Collectively assessed provision on advanced defaulted	(373)	(281)	(290)	33%	29%
	42	42	4	0%	large
Shortfall in expected loss not included in deduction	-	-	5	n/a	-100%
Defaulted excess included in deduction	42	4	9	large	large
Gross deduction	42	609	686	-93%	-94%