

# ANZ CAPITAL MANAGEMENT

## OVERVIEW

### AUSTRALIA<sup>1</sup>

- ANZ reports to APRA on a Level 1 and Level 2 basis, and measures capital adequacy on a Level 1 and Level 2 basis. ANZ is not yet required to maintain capital on a Level 3 basis (APRA have yet to conclude required timing for Level 3 capital requirements)
- For ANZ, Level 1 in the context of APRA supervision, primarily comprises Australia and New Zealand Banking Group Limited (the parent including offshore branches) but excludes offshore banking subsidiaries.
- For ANZ, Level 2 in the context of APRA supervision, includes the consolidated ANZ Group excluding associates, insurance and funds management entities, commercial non-financial entities and certain securitisation vehicles
- Consequently, the primary difference between Level 1 and Level 2 is ANZBGL's banking subsidiaries (such as ANZ New Zealand Bank Limited) which are part of the Level 2 regulatory consolidation but excluded from Level 1
- ANZ is required to hold 3 types of regulatory capital, Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital. ANZ reports its capital ratios as follows:

#### Regulatory capital definition

Common Equity Tier 1 (CET1) capital	Tier 1 Capital	Tier 2 Capital	Total Capital
Shareholders' equity adjusted for specific items	CET1 Capital plus certain securities with complying loss absorbing characteristics known as Additional Tier 1 (AT1) Capital	Subordinated debt instruments which have a minimum term of 5 years at issue date	Tier 1 plus Tier 2 Capital

### OUTSIDE AUSTRALIA<sup>1</sup>

- In addition to APRA, the Company's branch operations and major banking subsidiary operations are also overseen by local regulators such as the Reserve Bank of New Zealand, the US Federal Reserve, the UK Prudential Regulation Authority, the Monetary Authority of Singapore, the Hong Kong Monetary Authority and the China Banking and Insurance Regulatory Commission. They may impose minimum capitalisation levels on operations in their individual jurisdictions

1. As detailed in ANZ 2019 Annual Report, pages 179 & 180

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## CAPITAL RATIOS – FULL YEAR 2019 (30 SEPTEMBER 2019)

<b>Basel III APRA Level 2 Common Equity Tier 1 (CET1)</b>	<b>Sep-19</b>	<b>Mar-19</b>	<b>Sep-18</b>
Common Equity Tier 1 Capital (AUD m)	47,355	45,528	44,691
Total Risk Weighted Assets (AUD m)	416,961	396,291	390,820
Common Equity Tier 1 Capital Ratio	11.4%	11.5%	11.4%

<b>Basel III APRA Level 1 Extended licensed Common Equity Tier 1 (CET1)</b>	<b>Sep-19</b>	<b>Mar-19</b>	<b>Sep-18</b>
Common Equity Tier 1 Capital (AUD m)	43,095	42,100	43,277
Total Risk Weighted Assets (AUD m)	379,539	376,196	373,751
Common Equity Tier 1 Capital Ratio	11.4%	11.2%	11.6%

<b>Basel III RBNZ Common Equity Tier 1 (CET1)</b>	<b>Sep-19</b>	<b>Mar-19</b>	<b>Sep-18</b>
Common Equity Tier 1 Capital (NZD m)	10,447	9,683	9,081
Total Risk Weighted Assets (NZD m)	97,070	85,254	82,147
Common Equity Tier 1 Capital Ratio	10.8%	11.4%	11.1%

ANZ Capital ratios are disclosed in regulatory and financial disclosures available on the ANZ shareholder website ([anz.com/shareholder/centre](http://anz.com/shareholder/centre)):

Basel III APRA ratios: <https://www.anz.com/shareholder/centre/reporting/regulatory-disclosure/>  
<https://www.anz.com/shareholder/centre/reporting/results-announcement/>

Basel III RBNZ ratios: <https://www.anz.com/shareholder/centre/reporting/new-zealand-disclosure-statement/>