2013
BASEL III
PILLAR 3 DISCLOSURE

HALF YEAR ENDED 31 MARCH 2013

APS 330: CAPITAL ADEQUACY
& RISK MANAGEMENT IN 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) Australian Prudential Standard (APS) 330 Capital Adequacy: Public Disclosure of Prudential Information.

This disclosure was prepared as at 31 March 2013. ANZ has a continuous disclosure policy, under which ANZ will immediately notify the market of any material price sensitive information concerning the Group, in accordance with legislative and regulatory disclosure requirements.

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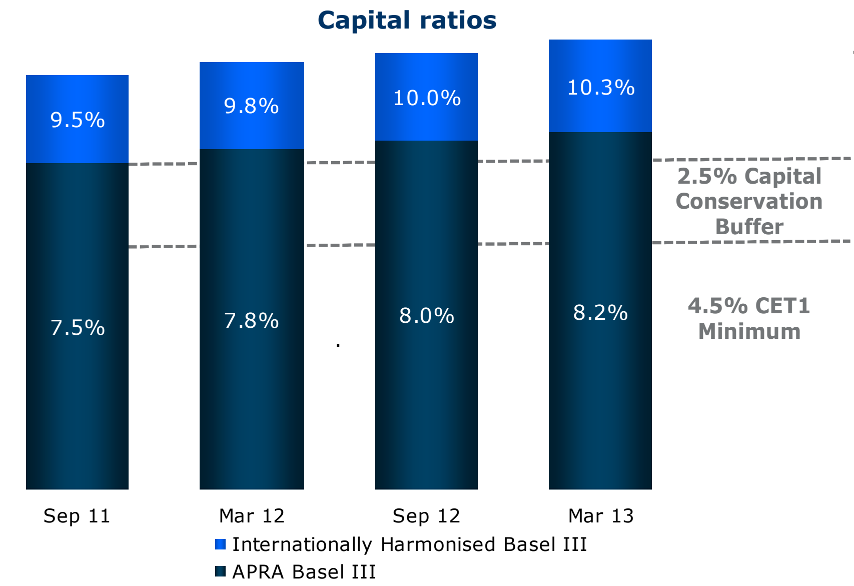
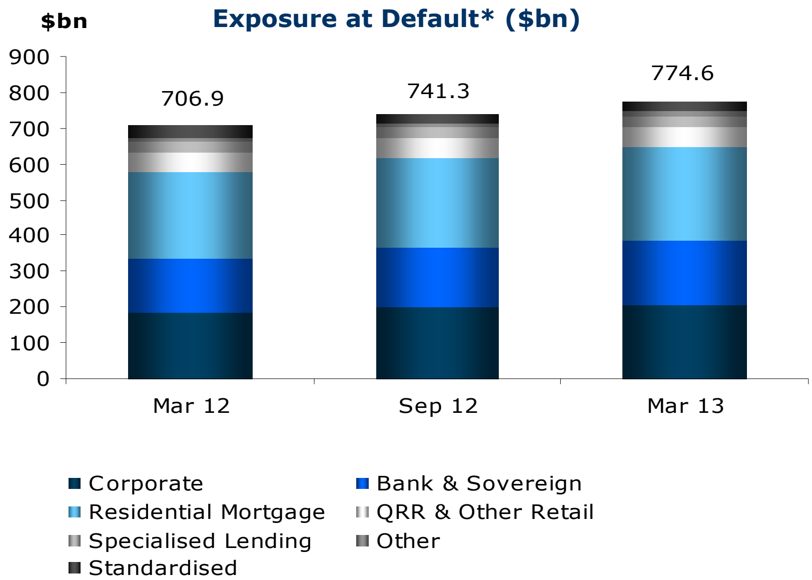
[1] Each table reference adopted in this document aligns to those required by APS 330 to be disclosed at half year.

Chapter 1 – Highlights



Strengthening capital position through organic capital generation

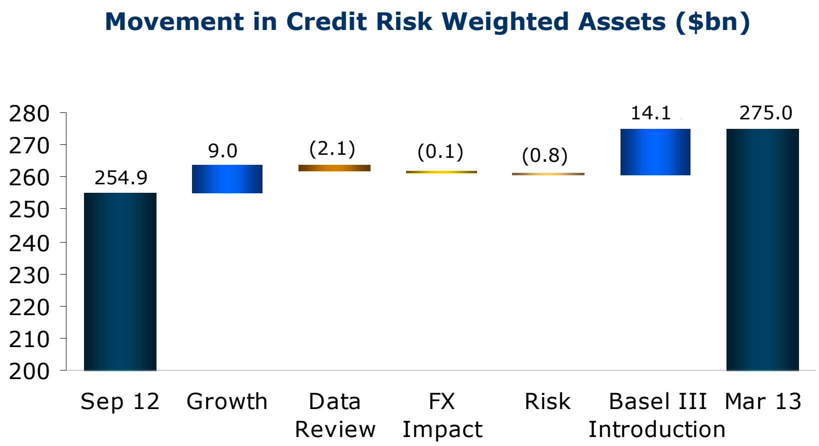
- ANZ remains at the upper end of global peer group under new Basel III rules.
- Well placed in regards to capital targets and focused on driving capital efficiencies with further initiatives completed in 1H13.
- APRA's Basel III capital reforms have not incorporated some of the concessions proposed in the Basel III rules and set higher requirements in other areas and thus Basel III reported capital ratios are not directly comparable with international peers.



* Exposure at Default represents exposure gross of credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral.

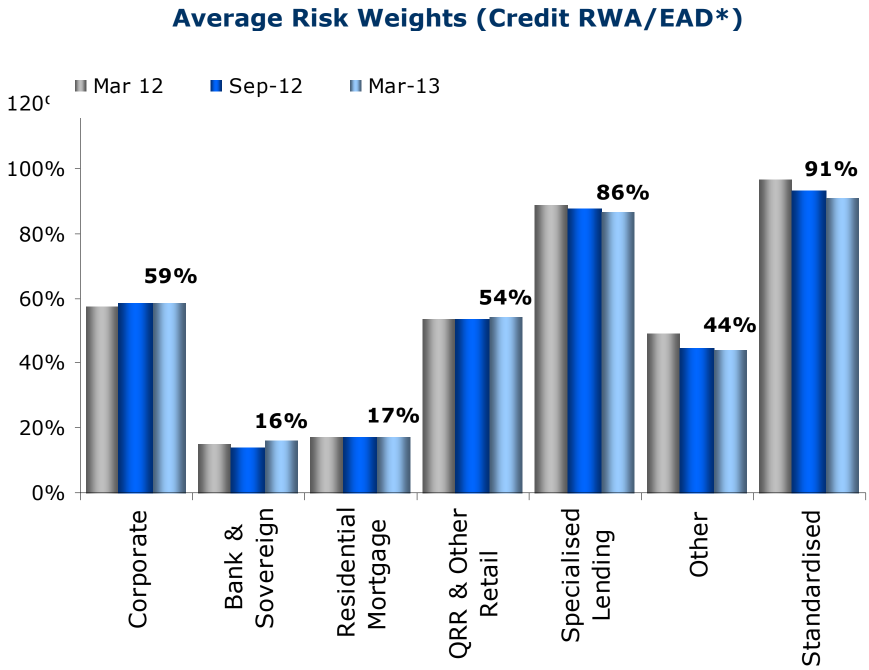
Growth in EAD of 4.5% HoH to $774.6bn in 1H13

- Growth driven predominately by increases in the Bank & Sovereign +$15bn and Residential Mortgages +$9bn (predominately Australia) asset classes.



Credit Risk Weighted Assets (Credit RWA) up by $20.1bn HoH

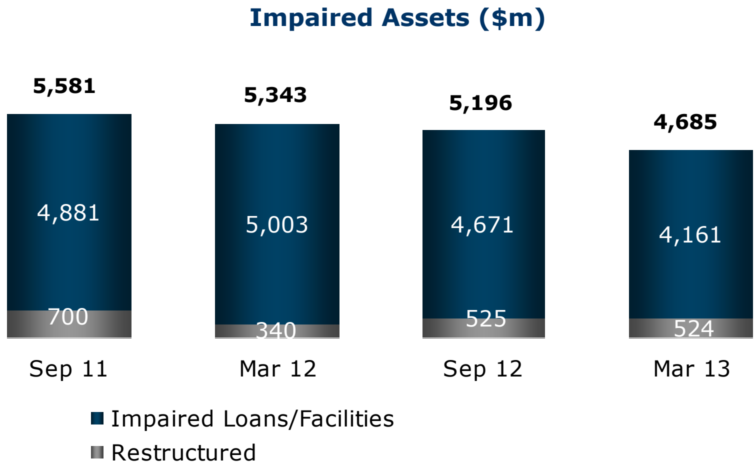
- Growth in Credit RWA has been driven by increases in Standardised (Asia portfolio growth), Australian Residential Mortgages and the Bank asset class (growth in Asia and Australia).
- Transition to Basel III at Mar-13 had a net +$14.1bn Credit RWA impact on the Group's portfolio.



* EAD represents exposure net of credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral as used as input to advanced Credit RWA calculations.

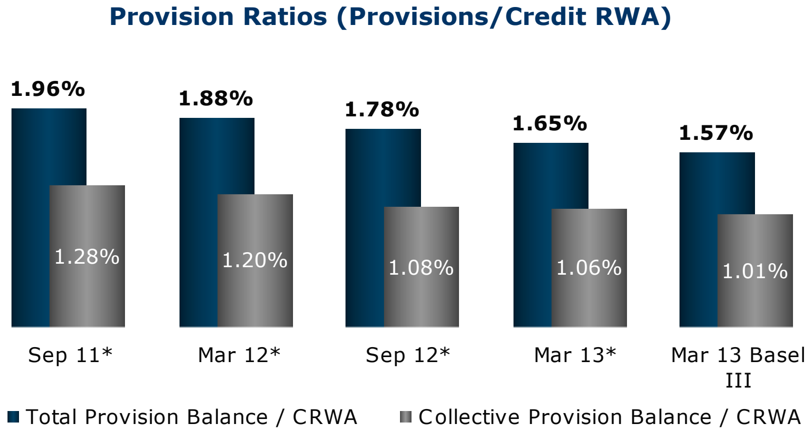
Portfolio average risk weight reduced marginally HoH to 37.7%, despite a $14.1bn Credit RWA impact associated with Basel III

- Credit RWA increases (largely Basel III related) were offset by EAD growth in the lower average risk weight asset classes of Sovereign and Residential Mortgages.



Impaired Assets continued the downward trend

- Gross impaired assets decreased by 10% HoH, with an average HoH decline of $375m since Sep 10.
- New Impaired assets declined 15% HoH to $1.6bn, with all divisions seeing HoH reductions in new impaireds.



* Under Basel II

Provision coverage remains appropriate

- ANZ remains appropriately provided for with the total provision coverage ratio at 1.57% and the collective provision ratio at 1.01% on a Basel III basis (Basel III reduced collective provision coverage by 5bps).
- Coverage level reflects the ongoing improvement in the credit quality of the Group's portfolio.

Chapter 2 – Introduction

Purpose of this document

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

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. Prior period comparatives in this disclosure are under Basel II approach.

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 Annual Report and in Pillar 1 returns provided to APRA. This Pillar 3 disclosure is not audited by ANZ's external auditor.

Comparison to ANZ's Annual Report

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 Annual Report. As such, there are differences 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 (IRB) 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 – Group structure and capital adequacy

Top Corporate Entity

The top corporate entity in the Group is Australia and New Zealand Banking Group Limited.

Table 1 Capital deficiencies in non-consolidated subsidiaries

The aggregate amount of any under-capitalisation of a non-consolidated subsidiary (or subsidiaries) that is required to be deducted from capital is nil (September 2012: nil; March 2012: nil).

Table 2 Capital structure

Effective January 1, 2013, APRA has fully adopted the majority of Basel III capital reforms in Australia. APRA views the Basel III reforms as a minimum requirement and hence has not incorporated some of the concessions proposed in the Basel III rules and has also set higher requirements in other areas. As a result, Australian banks' Basel III reported capital ratios are not directly comparable with international peers. Significant APRA Basel III reform changes that impacted the calculation of the capital ratios, relative to the APRA Basel II methodology, include; a move to full capital deductions from Common Equity Tier 1 (CET1) capital for deductions which were previously deducted 50% from Tier 1 and 50% from Tier 2, the removal of the requirement to deduct the expected future dividend payments on an accrual basis and only deduct dividend payments when declared, implementation of transitional arrangements for existing Tier 1 and Tier 2 securities that do not conform to the new regulations and increased credit risk weighted assets for the potential credit valuation adjustment for derivative counterparties and an increase in the asset value correlation with respect to exposures to large and unregulated financial institutions.

	Basel III	Basel II	
	Mar 13	Sep 12	Mar 12
Common Equity Tier 1 capital	$M	$M	$M
Paid-up ordinary share capital	23,687	23,203	22,396
Reserves	(2,484)	(2,653)	(2,673)
Retained earnings	20,323	16,771	16,507
Minority interests	35	42	43
Gross Common Equity Tier 1 capital	**41,561**	**37,363**	**36,273**
Goodwill	(3,685)	(3,008)	(2,966)
Other deductions	(11,485)	(5,017)	(4,675)
50/50 deductions from Tier 1 capital	n/a	(2,814)	(3,217)
Common Equity Tier 1 capital deductions	**(15,170)**	**(10,839)**	**(10,858)**
Common Equity Tier 1 capital	**26,391**	**26,524**	**25,415**
Innovative Additional Tier 1 capital	1,590	1,587	1,592
Non-innovative Additional Tier 1 capital	4,390	4,390	5,081
Transitional adjustment	(597)	n/a	n/a
Regulatory adjustment to Additional Tier 1 capital	(18)	n/a	n/a
Additional Tier 1 capital	**5,365**	**5,977**	**6,673**
Total Tier 1 capital	**31,756**	**32,501**	**32,088**
Total Tier 2 capital	**6,062**	**4,073**	**3,713**
Total qualifying capital	**37,818**	**36,574**	**35,801**

Further information on Capital Structure can be found in Appendix 1.

Table 3 Capital Ratio and Risk Weighted Assets [3] [4]

	Basel III	Basel II	
Risk weighted assets (RWA)	**Mar 13** $M	**Sep 12** $M	**Mar 12** $M
Subject to Advanced Internal Rating Based (IRB) approach			
Corporate	114,700	111,796	101,280
Sovereign	4,382	4,088	4,669
Bank	15,838	10,964	10,195
Residential Mortgage	44,597	42,959	42,684
Qualifying Revolving Retail	7,234	7,092	7,610
Other Retail	23,200	21,277	20,087
Credit risk weighted assets subject to Advanced IRB approach	**209,951**	**198,176**	**186,525**
Credit risk Specialised Lending exposures subject to slotting approach	**27,842**	**27,628**	**27,903**
Subject to Standardised approach			
Corporate	17,157	18,281	24,922
Residential Mortgage	1,827	1,812	1,445
Qualifying Revolving Retail	2,068	2,028	1,933
Other Retail	1,248	1,165	1,124
Credit risk weighted assets subject to Standardised approach	**22,300**	**23,286**	**29,424**
Credit Valuation Adjustment[5] and Qualifying Central Counterparties[6]	**8,949**	**n/a**	**n/a**
Credit risk weighted assets relating to securitisation exposures	2,549	1,170	1,225
Credit risk weighted assets relating to equity exposures	n/a	1,030	1,235
Other assets	3,387	3,585	3,853
Total credit risk weighted assets	**274,978**	**254,875**	**250,165**
Market risk weighted assets	6,850	4,664	4,201
Operational risk weighted assets	28,125	28,125	20,005
Interest rate risk in the banking book (IRRBB) risk weighted assets	12,629	12,455	10,465
Total risk weighted assets	**322,582**	**300,119**	**284,836**
Capital ratios (%)			
Level 2 Total capital ratio	**11.7%**	**12.2%**	**12.6%**
Level 2 Common Equity Tier 1 capital ratio	**8.2%**	**n/a**	**n/a**
Level 2 Tier 1 capital ratio	**9.8%**	**10.8%**	**11.3%**
Level 1: Extended licensed entity Total capital ratio	**12.2%**	**12.7%**	**12.9%**
Level 1: Extended licensed Common Equity Tier 1 capital ratio	**8.4%**	**n/a**	**n/a**
Level 1: Extended licensed entity Tier 1 capital ratio	**10.3%**	**11.4%**	**11.8%**
Other significant Authorised Deposit-taking Institution (ADI) or overseas bank subsidiary:			
ANZ Bank New Zealand Limited - Total capital ratio	**11.8%**	**12.5%**	**13.4%**
ANZ Bank New Zealand Limited – Common Equity Tier 1 capital ratio	**10.2%**	**n/a**	**n/a**
ANZ Bank New Zealand Limited - Tier 1 capital ratio	**10.2%**	**10.8%**	**10.9%**

Credit Risk Weighted Assets (CRWA)

Total CRWA increased $20.1 billion (7.9%) from September 2012 to $275 billion at March 2013, including a $14.1 billion increase due to the introduction of Basel III. Significant Basel Asset Class movements include an increase of $4.9 billion (44.5%) in AIRB Bank driven by growth in Asia and Basel III impacts, a $2.9 billion (2.6%) in AIRB Corporate driven by mainly by Basel III, and an increase of $1.6 billion (3.8%) in AIRB Residential Mortgages driven mainly by growth in the Australian Portfolio.

Market Risk Weighted Assets (RWA)

Market Risk RWA increased $2.2 billion (46.9%) during the half as portfolio diversification decreased from higher levels observed earlier in 2012 under the new Basel 2.5 Stressed VaR calculation.

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[3] 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.

[4] ANZ Bank New Zealand Limited's capital ratios have been calculated in accordance with Reserve Bank of New Zealand prudential standards.

[5] Basel III capital reforms have introduced a Credit Value Adjustment (CVA) capital charge on over the counter derivative (OTC) assets.

[6] Basel III capital reforms, exposures to Qualifying Central Counterparties (QCCP's) arising from over the counter (OTC) derivatives, exchange-traded derivatives and securities financing transactions are subject to refined capital requirements.

Chapter 4 – Credit risk

Table 4 Credit risk – General disclosures

Table 4(b) part (i): Period end and average Exposure at Default [7 8 9]

	Mar 13				
Advanced IRB approach	Basel III 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	114,700	207,687	205,084	243	303
Sovereign	4,382	77,998	72,294	-	-
Bank	15,838	102,372	100,640	-	-
Residential Mortgage	44,597	259,553	255,196	35	31
Qualifying Revolving Retail	7,234	20,951	20,932	112	146
Other Retail	23,200	35,187	33,570	138	150
Total Advanced IRB approach	**209,951**	**703,748**	**687,716**	**528**	**630**
Specialised Lending	**27,842**	**32,321**	**31,969**	**39**	**170**
Standardised approach					
Corporate	17,157	16,989	17,478	22	36
Residential Mortgage	1,827	4,206	3,991	1	1
Qualifying Revolving Retail	2,068	2,062	2,041	(9)	8
Other Retail	1,248	1,242	1,194	14	19
Total Standardised approach	**22,300**	**24,499**	**24,704**	**28**	**64**
Credit Valuation Adjustment and Qualifying Central Counterparties	**8,949**	**1,516**	**1,516**	**-**	**-**
Total	**269,042**	**762,084**	**745,905**	**595**	**864**

[7] Exposure at Default in Table 4 includes Advanced IRB, Specialised Lending and Standardised exposures, however does not include Securitisation, Equities or Other Assets exposures. Exposure at Default in Table 4 is gross of credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral.

[8] 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.

[9] Some prior period comparatives have been restated to reflect reclassification between asset classes.

	Sep 12				
Advanced IRB approach	Basel II 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	111,796	202,481	193,822	450	387
Sovereign	4,088	66,590	62,747	-	-
Bank	10,964	98,908	95,085	-	-
Residential Mortgage	42,959	250,839	247,516	34	36
Qualifying Revolving Retail	7,092	20,912	21,150	134	161
Other Retail	21,277	31,954	31,219	131	125
Total Advanced IRB approach	**198,176**	**671,684**	**651,539**	**749**	**709**
Specialised Lending	**27,628**	**31,616**	**31,538**	**137**	**79**
Standardised approach					
Corporate	18,281	17,967	21,382	27	38
Residential Mortgage	1,812	3,775	3,463	3	1
Qualifying Revolving Retail	2,028	2,021	1,973	(9)	4
Other Retail	1,165	1,146	1,125	8	10
Total Standardised approach	**23,286**	**24,909**	**27,943**	**29**	**53**
Total	**249,090**	**728,209**	**711,020**	**915**	**841**

	Mar 12				
Advanced IRB approach	Basel II 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	101,280	185,162	181,057	274	205
Sovereign	4,669	58,903	56,390	-	-
Bank	10,195	91,262	91,874	-	-
Residential Mortgage	42,684	244,192	239,451	39	43
Qualifying Revolving Retail	7,610	21,387	21,332	121	147
Other Retail	20,087	30,484	29,974	118	124
Total Advanced IRB approach	**186,525**	**631,390**	**620,078**	**552**	**519**
Specialised Lending	**27,903**	**31,459**	**30,929**	**167**	**86**
Standardised approach					
Corporate	24,922	24,797	25,181	5	41
Residential Mortgage	1,445	3,151	2,926	1	-
Qualifying Revolving Retail	1,933	1,925	1,916	(5)	6
Other Retail	1,124	1,103	1,029	2	10
Total Standardised approach	**29,424**	**30,976**	**31,052**	**3**	**57**
Total	**243,852**	**693,825**	**682,059**	**722**	**662**

Table 4(b) part (ii): Exposure at Default by portfolio type

Portfolio Type	Mar 13 $M	Sep 12 $M	Mar 12 $M	Average for half year Mar 13 $M
Cash and liquid assets	47,433	34,592	32,057	41,013
Contingents liabilities, commitments, and other off-balance sheet exposures	127,206	121,752	120,995	124,479
Derivatives	80,648	86,797	75,829	83,723
Due from other financial institutions	14,518	8,836	11,467	11,677
Investment securities	20,018	18,116	18,584	19,067
Loans, advances and acceptances	441,299	427,537	411,731	434,418
Other assets	2,788	1,506	3,034	2,147
Trading securities	28,174	29,073	20,128	28,624
Total exposures	**762,084**	**728,209**	**693,825**	**745,147**

Table 4(c): Geographic distribution of Exposure at Default

	Mar 13			
Portfolio Type	Australia $M	New Zealand $M	Asia Pacific, Europe and Americas $M	Total $M
Corporate	122,352	38,389	63,935	**224,676**
Sovereign	19,923	8,547	49,528	**77,998**
Bank	62,994	9,913	29,465	**102,372**
Residential Mortgage	210,841	48,712	4,206	**263,759**
Qualifying Revolving Retail	20,951	-	2,062	**23,013**
Other Retail	27,671	7,564	1,194	**36,429**
Qualifying Central Counterparties	1,292	68	156	**1,516**
Specialised Lending	23,814	6,585	1,922	**32,321**
Total exposures	**489,838**	**119,778**	**152,468**	**762,084**

	Sep 12			
Portfolio Type	Australia $M	New Zealand $M	Asia Pacific, Europe and Americas $M	Total $M
Corporate	125,607	37,779	57,062	**220,448**
Sovereign	19,098	9,763	37,729	**66,590**
Bank	61,967	11,199	25,742	**98,908**
Residential Mortgage	203,665	47,177	3,772	**254,614**
Qualifying Revolving Retail	20,912	-	2,021	**22,933**
Other Retail	24,469	7,538	1,093	**33,100**
Specialised Lending	24,500	6,491	625	**31,616**
Total exposures	**480,218**	**119,947**	**128,044**	**728,209**

	Mar 12			
Portfolio Type	Australia $M	New Zealand $M	Asia Pacific, Europe and Americas $M	Total $M
Corporate	120,551	37,938	51,470	**209,959**
Sovereign	12,908	7,598	38,397	**58,903**
Bank	56,837	11,460	22,965	**91,262**
Residential Mortgage	199,454	44,742	3,147	**247,343**
Qualifying Revolving Retail	21,387	-	1,925	**23,312**
Other Retail	23,259	7,287	1,041	**31,587**
Specialised Lending	24,756	6,081	622	**31,459**
Total exposures	**459,152**	**115,106**	**119,567**	**693,825**

Table 4(d): Industry distribution of Exposure at Default [10] [11]

	Mar 13														
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	35,439	8,475	6,083	9,035	10,054	28,291	2,345	39,567	1,943	17,607	25,612	14,450	11,137	14,638	**224,676**
Sovereign	1,154	-	91	790	8	49,052	25,045	585	2	598	122	-	370	181	**77,998**
Bank	-	-	-	-	-	102,372	-	-	-	-	-	-	-	-	**102,372**
Residential Mortgage	-	-	-	-	-	-	-	-	263,759	-	-	-	-	-	**263,759**
Qualifying Revolving Retail	-	-	-	-	-	-	-	-	23,013	-	-	-	-	-	**23,013**
Other Retail	3,129	2,024	2,934	85	1,098	373	7	1,131	17,764	1,031	806	2,508	1,131	2,408	**36,429**
Qualifying Central Counterparties	-	-	-	-	-	660	-	-	-	-	-	-	-	856	**1,516**
Specialised Lending	730	26	9	2,318	168	-	173	124	-	26,373	-	22	1,827	551	**32,321**
Total exposures	**40,452**	**10,525**	**9,117**	**12,228**	**11,328**	**180,748**	**27,570**	**41,407**	**306,481**	**45,609**	**26,540**	**16,980**	**14,465**	**18,634**	**762,084**
% of Total	*5.3%*	*1.4%*	*1.2%*	*1.6%*	*1.5%*	*23.7%*	*3.6%*	*5.4%*	*40.2%*	*6.0%*	*3.5%*	*2.2%*	*1.9%*	*2.4%*	*100.0%*

[10] 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.

[11] Other industry includes Health & Community Services, Education, Communication Services and Personal & Other Services.

	Sep 12													
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	35,024	8,597	6,388	9,256	10,616	25,921	2,291	37,350	1,474	17,916	24,502	13,974	11,716	15,423	**220,448**
Sovereign	527	3	98	688	2	37,983	25,464	368	2	668	57	-	452	278	**66,590**
Bank	-	-	-	-	-	98,908	-	-	-	-	-	-	-	-	**98,908**
Residential Mortgage	-	-	-	-	-	-	-	-	254,614	-	-	-	-	-	**254,614**
Qualifying Revolving Retail	-	-	-	-	-	-	-	-	22,933	-	-	-	-	-	**22,933**
Other Retail	2,821	1,828	2,626	84	903	330	8	923	16,782	857	638	2,046	1,039	2,215	**33,100**
Specialised Lending	462	-	-	2,070	137	-	173	241	-	26,460	-	11	1,634	428	**31,616**
Total exposures	**38,834**	**10,428**	**9,112**	**12,098**	**11,658**	**163,142**	**27,936**	**38,882**	**295,805**	**45,901**	**25,197**	**16,031**	**14,841**	**18,344**	**728,209**
% of Total	*5.3%*	*1.4%*	*1.3%*	*1.7%*	*1.6%*	*22.4%*	*3.8%*	*5.3%*	*40.6%*	*6.3%*	*3.5%*	*2.2%*	*2.0%*	*2.5%*	*100.0%*

	Mar 12													
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	34,021	8,290	6,378	8,214	10,726	24,013	2,502	35,249	1,244	16,997	23,342	13,911	9,696	15,376	**209,959**
Sovereign	333	1	86	839	2	34,997	15,175	251	249	520	50	-	419	5,981	**58,903**
Bank	-	-	-	-	-	91,214	-	-	48	-	-	-	-	-	**91,262**
Residential Mortgage	-	-	-	-	-	-	-	-	247,343	-	-	-	-	-	**247,343**
Qualifying Revolving Retail	-	-	-	-	-	-	-	-	23,312	-	-	-	-	-	**23,312**
Other retail	2,818	1,770	2,536	78	843	318	7	892	15,853	848	630	2,001	1,010	1,983	**31,587**
Specialised Lending	287	-	-	1,731	89	-	-	217	-	25,736	-	-	2,980	419	**31,459**
Total exposures	**37,459**	**10,061**	**9,000**	**10,862**	**11,660**	**150,542**	**17,684**	**36,609**	**288,049**	**44,101**	**24,022**	**15,912**	**14,105**	**23,759**	**693,825**
% of Total	*5.4%*	*1.5%*	*1.3%*	*1.6%*	*1.7%*	*21.7%*	*2.5%*	*5.3%*	*41.5%*	*6.4%*	*3.5%*	*2.3%*	*2.0%*	*3.4%*	*100.0%*

Table 4(e): Residual contractual maturity of Exposure at Default [12]

	Mar 13				
Portfolio Type	< 12 mths $M	1 - 5 years $M	> 5 years $M	No Maturity Specified $M	Total $M
Corporate	100,881	104,989	18,677	129	**224,676**
Sovereign	49,351	19,598	9,049	-	**77,998**
Bank	49,495	50,540	2,337	-	**102,372**
Residential Mortgage	1,646	4,403	228,585	29,125	**263,759**
Qualifying Revolving Retail	-	-	-	23,013	**23,013**
Other Retail	12,312	15,932	8,185	-	**36,429**
Qualified Central Counterparties	847	370	299	-	**1,516**
Specialised Lending	12,254	17,251	2,754	62	**32,321**
Total exposures	**226,786**	**213,083**	**269,886**	**52,329**	**762,084**

	Sep 12				
Portfolio Type	< 12 mths $M	1 - 5 years $M	> 5 years $M	No Maturity Specified $M	Total $M
Corporate	93,957	104,262	22,121	108	**220,448**
Sovereign	40,990	15,386	10,214	-	**66,590**
Bank	44,356	51,210	3,342	-	**98,908**
Residential Mortgage	653	3,549	221,393	29,019	**254,614**
Qualifying Revolving Retail	-	-	-	22,933	**22,933**
Other Retail	10,760	14,335	8,005	-	**33,100**
Specialised Lending	11,183	17,872	2,509	52	**31,616**
Total exposures	**201,899**	**206,614**	**267,584**	**52,112**	**728,209**

	Mar 12				
Portfolio Type	< 12 mths $M	1 - 5 years $M	> 5 years $M	No Maturity Specified $M	Total $M
Corporate	89,686	97,904	22,265	104	**209,959**
Sovereign	39,762	15,298	3,843	-	**58,903**
Bank	43,282	44,520	3,460	-	**91,262**
Residential Mortgage	2,415	4,727	209,673	30,528	**247,343**
Qualifying Revolving Retail	-	-	-	23,312	**23,312**
Other Retail	10,971	13,809	6,489	318	**31,587**
Specialised Lending	11,007	17,353	3,058	41	**31,459**
Total exposures	**197,123**	**193,611**	**248,788**	**54,303**	**693,825**

[12] No Maturity Specified predominately includes credit cards and residential mortgage equity manager accounts.

Table 4(f) part (i): Impaired assets [13] [14], Past due loans [15], Provisions and Write-offs by Industry sector

	Mar 13					
Industry Sector	Impaired derivatives $M	Impaired loans/ facilities $M	Past due loans ≥90 days $M	Individual provision balance $M	Individual provision charge for half year $M	Write-offs for half year $M
Agriculture, Forestry, Fishing & Mining	-	1,158	178	327	49	33
Business Services	-	131	61	64	27	35
Construction	2	113	58	50	11	25
Electricity, gas and water supply	2	271	3	6	-	1
Entertainment Leisure & Tourism	1	110	59	34	12	13
Financial, Investment & Insurance	-	171	22	31	(2)	5
Government & Official Institutions	-	-	-	-	-	-
Manufacturing	6	373	30	132	30	147
Personal	-	810	1,009	403	269	334
Property Services	7	727	122	191	65	68
Retail Trade	-	90	68	55	30	37
Transport & Storage	65	253	22	74	73	144
Wholesale Trade	-	240	19	133	13	8
Other	-	155	45	43	18	14
Total	**83**	**4,602**	**1,696**	**1,543**	**595**	**864**

[13] Impaired derivatives is net of credit valuation adjustment (CVA) of $111 million, being a market value based assessment of the credit risk of the relevant counterparties (September 2012: $105 million; March 2012: $74 million).

[14] Impaired loans / facilities include restructured items of $524 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 2012: $525 million; March 2012: $340 million).

[15] Past due loans ≥ 90 days includes $1,422 million well secured loans (September 2012: $1,475 million; March 2012: $1,736 million).

	Sep 12					
Industry Sector	Impaired derivatives $M	Impaired loans/ facilities $M	Past due loans ≥90 days $M	Individual provision balance $M	Individual provision charge for half year $M	Write-offs for half year $M
Agriculture, Forestry, Fishing & Mining	-	1,142	229	312	69	54
Business Services	-	158	41	70	24	47
Construction	-	149	49	66	142	124
Electricity, gas and water supply	2	273	27	5	7	2
Entertainment Leisure & Tourism	-	156	45	41	12	11
Financial, Investment & Insurance	-	210	26	28	(15)	6
Government & Official Institutions	-	-	-	-	-	-
Manufacturing	9	489	26	234	178	105
Personal	-	798	970	412	258	359
Property Services	11	796	133	211	44	73
Retail Trade	-	112	85	64	20	16
Transport & Storage	94	383	19	158	127	7
Wholesale Trade	-	241	29	130	29	21
Other	-	173	34	42	20	16
Total	**116**	**5,080**	**1,713**	**1,773**	**915**	**841**

	Mar 12					
Industry Sector	Impaired derivatives $M	Impaired loans/ facilities $M	Past due loans ≥90 days $M	Individual provision balance $M	Individual provision charge for half year $M	Write-offs for half year $M
Agriculture, Forestry, Fishing & Mining	-	1,135	195	309	53	21
Business Services	-	275	26	112	10	19
Construction	-	117	53	49	16	13
Electricity, gas and water supply	-	249	2	2	-	-
Entertainment Leisure & Tourism	-	157	35	32	8	8
Financial, Investment & Insurance	-	215	23	30	99	79
Government & Official Institutions	-	-	-	-	-	-
Manufacturing	1	322	31	177	69	20
Personal	-	925	1,226	481	267	353
Property Services	74	927	163	252	140	110
Retail Trade	-	83	56	52	14	14
Transport & Storage	76	376	22	71	73	5
Wholesale Trade	-	260	20	116	(26)	9
Other	-	151	24	31	(1)	11
Total	**151**	**5,192**	**1,876**	**1,714**	**722**	**662**

Table 4(f) part (ii): Impaired asset, Past due loans, Provisions and Write-offs [16]

	Mar 13					
	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	10	2,418	282	759	243	303
Sovereign	-	-	-	-	-	-
Bank	-	-	-	-	-	-
Residential Mortgage	-	463	907	159	35	31
Qualifying Revolving Retail	-	-	94	-	112	146
Other Retail	-	323	284	202	138	150
Total Advanced IRB approach	**10**	**3,204**	**1,567**	**1,120**	**528**	**630**
Specialised Lending	**71**	**1,055**	**72**	**183**	**39**	**170**
Portfolios subject to Standardised approach						
Corporate	2	237	39	150	22	36
Residential Mortgage	-	18	3	14	1	1
Qualifying Revolving Retail	-	63	1	46	(9)	8
Other Retail	-	25	14	30	14	19
Total Standardised approach	**2**	**343**	**57**	**240**	**28**	**64**
Total	**83**	**4,602**	**1,696**	**1,543**	**595**	**864**

[16] Some prior period comparatives have been restated to reflect reclassification between asset classes.

	Sep 12					
	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	15	2,631	358	854	450	387
Sovereign	-	-	-	-	-	-
Bank	-	-	-	-	-	-
Residential Mortgage	-	468	898	163	34	36
Qualifying Revolving Retail	-	-	83	1	134	161
Other Retail	-	286	198	182	131	125
Total Advanced IRB approach	**15**	**3,385**	**1,537**	**1,200**	**749**	**709**
Specialised Lending	**99**	**1,343**	**117**	**326**	**137**	**79**
Portfolios subject to Standardised approach						
Corporate	2	209	30	142	27	38
Residential Mortgage	-	23	4	17	3	1
Qualifying Revolving Retail	-	65	13	53	(9)	4
Other Retail	-	55	12	35	8	10
Total Standardised approach	**2**	**352**	**59**	**247**	**29**	**53**
Total	**116**	**5,080**	**1,713**	**1,773**	**915**	**841**

	Mar 12					
	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	66	2,495	343	804	274	205
Sovereign	-	-	-	-	-	-
Bank	-	-	-	-	-	-
Residential Mortgage	-	542	1,040	176	39	43
Qualifying Revolving Retail	-	-	93	-	121	147
Other Retail	-	292	192	152	118	124
Total Advanced IRB approach	**66**	**3,329**	**1,668**	**1,132**	**552**	**519**
Specialised Lending	**85**	**1,453**	**136**	**304**	**167**	**86**
Portfolios subject to Standardised approach						
Corporate	-	291	48	162	5	41
Residential Mortgage	-	21	4	13	1	-
Qualifying Revolving Retail	-	63	6	62	(5)	6
Other Retail	-	35	14	41	2	10
Total Standardised approach	**-**	**410**	**72**	**278**	**3**	**57**
Total	**151**	**5,192**	**1,876**	**1,714**	**722**	**662**

Table 4(g): Impaired assets [17] [18], Past due loans [19] and Provisions by Geography

	Mar 13				
Geographic region	Impaired derivatives $M	Impaired loans/ facilities $M	Past due loans ≥90 days $M	Individual provision balance $M	Collective provision balance $M
Australia	79	2,973	1,455	955	1,808
New Zealand	-	1,021	184	313	470
Asia Pacific, Europe and America	4	608	57	275	491
Total	**83**	**4,602**	**1,696**	**1,543**	**2,769**

	Sep 12				
Geographic region	Impaired derivatives $M	Impaired loans/ facilities $M	Past due loans ≥90 days $M	Individual provision balance $M	Collective provision balance $M
Australia	111	3,335	1,473	1,128	1,788
New Zealand	-	1,157	181	368	496
Asia Pacific, Europe and America	5	588	59	277	481
Total	**116**	**5,080**	**1,713**	**1,773**	**2,765**

	Mar 12				
Geographic region	Impaired derivatives $M	Impaired loans/ facilities $M	Past due loans ≥90 days $M	Individual provision balance $M	Collective provision balance $M
Australia	150	3,249	1,570	985	2,025
New Zealand	-	1,320	232	403	503
Asia Pacific, Europe and America	1	623	74	326	466
Total	**151**	**5,192**	**1,876**	**1,714**	**2,994**

[17] Impaired derivatives is net of credit valuation adjustment (CVA) of $111 million, being a market value based assessment of the credit risk of the relevant counterparties (September 2012: $105 million; March 2012: $74 million).

[18] Impaired loans / facilities include restructured items of $524 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 2012: $525 million; March 2012: $340 million).

[19] Past due loans ≥ 90 days includes $1,422 million well secured loans (September 2012: $1,475 million; March 2012: $1,736 million).

Table 4(h): Provision for Credit Impairment

Collective Provision	Half year Mar 13 $M	Half year Sep 12 $M	Half year Mar 12 $M
Balance at start of period	2,765	2,994	3,176
Charge to income statement	4	(227)	(152)
Disposal	-	(4)	-
Adjustments for exchange rate fluctuations	-	2	(30)
Total Collective Provision	**2,769**	**2,765**	**2,994**
Individual Provision			
Balance at start of period	1,773	1,714	1,697
New and increased provisions	932	1,270	1,023
Write-backs	(240)	(286)	(251)
Adjustment for exchange rate fluctuations	(3)	(5)	(29)
Discount unwind	(55)	(79)	(64)
Bad debts written off	(864)	(841)	(662)
Total Individual Provision	**1,543**	**1,773**	**1,714**
Total Provisions for Credit Impairment	**4,312**	**4,538**	**4,708**

Specific Provision Balance and General Reserve for Credit Losses [20]

	Mar 13		
	Specific Provision Balance $M	General Reserve for Credit Losses $M	Total $M
Collective Provision	341	2,428	2,769
Individual Provision	1,543	-	1,543
Total Provision for Credit Impairment			**4,312**

	Sep 12		
	Specific Provision Balance $M	General Reserve for Credit Losses $M	Total $M
Collective Provision	334	2,431	2,765
Individual Provision	1,773	-	1,773
Total Provision for Credit Impairment			**4,538**

	Mar 12		
	Specific Provision Balance $M	General Reserve for Credit Losses $M	Total $M
Collective Provision	312	2,682	2,994
Individual Provision	1,714	-	1,714
Total Provision for Credit Impairment			**4,708**

[20] 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 5 Credit risk – Disclosures for portfolios subject to the Standardised approach and supervisory risk weighting in the IRB approach

Table 5(b): Exposure at Default by risk bucket [21]

Risk weight

Standardised approach exposures	Mar 13 $M	Sep 12 $M	Mar 12 $M
0%	-	-	-
20%	-	-	111
35%	3,156	2,434	2,407
50%	387	375	268
75%	711	971	1
100%	19,660	20,248	26,229
150%	539	847	1,464
>150%	-	-	-
Capital deductions	-	-	-
Total	**24,453**	**24,875**	**30,480**

Other Asset exposures			
0%	-	-	-
20%	1,081	1,092	1,150
35%	-	-	-
50%	-	-	-
75%	-	-	-
100%	3,171	3,367	3,623
150%	-	-	-
>150%	-	-	-
Capital deductions	-	-	-
Total	**4,252**	**4,459**	**4,773**

Specialised Lending exposures			
0%	1,231	1,478	1,528
70%	11,339	9,954	10,439
90%	15,519	15,102	14,001
115%	3,231	3,970	4,088
250%	889	1,001	1,318
Total	**32,209**	**31,505**	**31,374**

Equity exposures [22]			
300%	n/a	58	21
400%	n/a	214	293
Total	n/a	**272**	**314**

[21] Table 5(b) shows exposure at default after credit risk mitigation in each risk category.

[22] Under Basel III, equity exposures are no longer risk weighted, but are taken as capital deductions.

Table 6 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 [23] 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 [24] Project finance Object finance	AIRB – Supervisory Slotting [25]
Equity	Equity investment	AIRB – fixed risk weights
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. 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 excepted loss (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.

[23] The IRB asset classification of investment banks is Corporate, rather than Bank.

[24] 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.

[25] ANZ uses an internal assessment which is mapped to the appropriate Supervisory Slot.

- 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.

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, for illustrative purposes, 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 < A1	AAA to < A+	0.0000 - 0.0346%
2+ to 3+	A1 to < Baa2	A+ to < BBB	0.0347 - 0.1636%
3= to 4=	Baa2 to < Ba1	BBB to < BB+	0.1637 - 0.5108%
4- to 6-	Ba1 to < B1	BB+ to < B+	0.5109 - 3.4872%
7+ to 8+	B1 to < Caa	B+ to < CCC	3.4873 - 10.0928%
8=	Caa	CCC	10.0929 - 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 PD, so the PD master scale gives ANZ a common language to understand and manage credit risk. For retail asset class exposures, the LGD dimension is recognised through the process of pooling retail exposures into homogenous groups.

ANZ also uses specialised PD master scale/mappings for the sovereign and bank asset classes, based predominantly on the corporate master scale.

Table 6(d): Non Retail Exposure at Default subject to Internal Ratings Based (IRB) approach [26] [27] [28]

	Mar 13							
	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	10,663	50,805	74,387	62,974	1,812	3,765	3,281	**207,687**
Sovereign	72,199	1,576	1,018	3,115	22	68	-	**77,998**
Bank	81,682	13,350	5,960	1,375	4	1	-	**102,372**
Total	**164,544**	**65,731**	**81,365**	**67,464**	**1,838**	**3,834**	**3,281**	**388,057**
% of Total	42.4%	16.9%	21.0%	17.4%	1.3%	1.0%	0.8%	100.0%
Undrawn commitments (included in above)								
Corporate	3,865	17,933	20,947	10,396	508	136	118	**53,903**
Sovereign	789	411	41	4	-	-	-	**1,245**
Bank	102	99	62	16	-	-	-	**279**
Total	**4,756**	**18,443**	**21,050**	**10,416**	**508**	**136**	**118**	**55,427**
Average Exposure at Default								
Corporate	0.199	2.730	1.161	0.356	0.589	0.197	0.798	**0.611**
Sovereign	67.595	24.178	19.346	15.185	4.557	1.463	-	**54.644**
Bank	4.437	2.486	3.420	1.679	0.070	0.256	-	**3.820**
Exposure-weighted average Loss Given Default (%)								
Corporate	57.0%	60.2%	48.1%	39.1%	40.3%	41.4%	40.0%	**48.2%**
Sovereign	2.4%	4.4%	44.0%	52.6%	59.1%	40.6%	-	**5.1%**
Bank	64.8%	66.4%	73.0%	73.3%	75.0%	68.5%	-	**65.8%**
Exposure-weighted average risk weight (%)								
Corporate	20.0%	37.0%	53.0%	74.0%	126.0%	192.0%	132.0%	**59.0%**
Sovereign	0.4%	2.0%	46.8%	109.7%	195.1%	222.5%	-	**5.8%**
Bank	19.8%	31.4%	90.1%	135.9%	245.3%	334.0%	-	**32.2%**

[26] In accordance with APS 330, EAD in Table 6(d) includes Advanced IRB exposures; however does not include Specialised Lending, Standardised, Securitisation, Equities or Other Assets exposures. Specialised Lending is excluded from Table 6(d) as it follows the Supervisory Slotting treatment, and a breakdown of risk weightings is provided in Table 5(b).

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

[28] Exposure-weighted average risk weight (%) is calculated as RWA divided by EAD.

	Sep 12							
	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	9,294	50,101	67,989	66,079	3,652	1,886	3,480	**202,481**
Sovereign	61,151	1,728	459	3,188	62	2	-	**66,590**
Bank	81,721	10,621	5,033	1,530	1	2	-	**98,908**
Total	**152,166**	**62,450**	**73,481**	**70,797**	**3,715**	**1,890**	**3,480**	**367,979**
% of Total	41.4%	17.0%	20.0%	19.2%	1.0%	0.5%	0.9%	100.0%
Undrawn commitments (included in above)								
Corporate	3,835	17,252	18,027	11,484	399	138	100	**51,235**
Sovereign	639	327	42	61	-	-	-	**1,069**
Bank	66	76	17	13	-	-	-	**172**
Total	**4,540**	**17,655**	**18,086**	**11,558**	**399**	**138**	**100**	**52,476**
Average Exposure at Default								
Corporate	0.171	2.671	1.079	0.375	0.560	0.276	1.003	**0.600**
Sovereign	54.544	27.858	8.592	13.344	4.776	0.245	-	**44.416**
Bank	7.125	2.754	3.011	1.454	0.291	0.076	-	**5.034**
Exposure-weighted average Loss Given Default (%)								
Corporate	56.5%	59.7%	46.8%	38.5%	37.5%	40.4%	37.2%	**46.8%**
Sovereign	2.5%	4.8%	29.4%	54.1%	58.9%	55.5%	-	**5.4%**
Bank	64.5%	65.7%	72.8%	73.5%	62.7%	65.8%	-	**65.8%**
Exposure-weighted average risk weight (%)								
Corporate	18.5%	36.1%	52.2%	72.8%	117.1%	179.1%	140.9%	**58.3%**
Sovereign	0.5%	1.8%	30.2%	110.7%	207.7%	469.8%	-	**6.4%**
Bank	14.7%	22.9%	72.9%	118.7%	232.1%	329.9%	-	**25.2%**

	Mar 12							
	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	8,109	45,790	61,220	60,299	4,057	2,697	2,990	**185,162**
Sovereign	53,054	1,662	218	3,907	59	3	-	**58,903**
Bank	76,389	9,125	4,181	1,459	1	30	77	**91,262**
Total	**137,552**	**56,577**	**65,619**	**65,665**	**4,117**	**2,730**	**3,067**	**335,327**
% of Total	41.0%	16.9%	19.6%	19.6%	1.2%	0.8%	0.9%	100.0%
Undrawn commitments (included in above)								
Corporate	3,501	17,796	18,087	10,961	250	298	103	**50,996**
Sovereign	640	280	32	95	-	-	-	**1,047**
Bank	536	40	13	6	-	-	-	**595**
Total	**4,677**	**18,116**	**18,132**	**11,062**	**250**	**298**	**103**	**52,638**
Average Exposure at Default								
Corporate	0.134	2.495	0.918	0.309	0.540	0.360	0.802	**0.515**
Sovereign	36.510	26.638	3.081	13.767	3.909	0.300	-	**30.878**
Bank	7.731	4.211	3.047	1.371	0.354	0.080	1.987	**5.571**
Exposure-weighted average Loss Given Default (%)								
Corporate	56.5%	59.4%	46.1%	35.5%	39.5%	43.1%	36.6%	**45.5%**
Sovereign	2.6%	5.2%	21.5%	52.9%	58.2%	50.5%	-	**6.3%**
Bank	64.6%	61.2%	72.4%	73.9%	60.4%	69.3%	61.3%	**65.4%**
Exposure-weighted average risk weight (%)								
Corporate	17.9%	36.8%	52.0%	67.5%	124.5%	196.6%	142.5%	**57.7%**
Sovereign	0.4%	1.9%	21.7%	109.5%	207.7%	393.0%	-	**8.3%**
Bank	14.9%	21.8%	68.6%	118.2%	208.6%	335.0%	161.5%	**24.7%**

Table 6(d): Retail Exposure at Default subject to Advanced Internal Ratings Based (IRB) approach by risk grade

	Mar 13							
	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	2,541	171,246	18,914	53,456	7,985	3,812	1,599	**259,553**
Qualifying Revolving Retail	11,148	167	1,859	4,697	1,940	974	166	**20,951**
Other Retail	870	3,462	2,812	19,288	6,780	1,304	671	**35,187**
Total	**14,559**	**174,875**	**23,585**	**77,441**	**16,705**	**6,090**	**2,436**	**315,691**
% of Total	4.6%	55.4%	7.5%	24.5%	5.3%	1.9%	0.8%	100.0%
Undrawn commitments (included in above)								
Residential Mortgage	943	18,524	991	3,199	179	69	3	**23,908**
Qualifying Revolving Retail	8,702	166	1,189	2,058	577	113	20	**12,825**
Other Retail	409	1,482	1,416	2,097	250	45	7	**5,706**
Total	**10,054**	**20,172**	**3,596**	**7,354**	**1,006**	**227**	**30**	**42,439**
Average Exposure at Default								
Residential Mortgage	0.025	0.219	0.145	0.180	0.226	0.250	0.177	**0.189**
Qualifying Revolving Retail	0.011	0.006	0.010	0.009	0.009	0.008	0.008	**0.010**
Other Retail	0.009	0.008	0.011	0.017	0.010	0.007	0.012	**0.013**
Exposure-weighted average Loss Given Default (%)								
Residential Mortgage	16.6%	19.6%	18.7%	23.1%	20.9%	20.0%	23.4%	**20.3%**
Qualifying Revolving Retail	73.2%	73.2%	73.2%	73.2%	73.2%	73.2%	73.2%	**73.2%**
Other Retail	50.3%	51.1%	60.0%	45.1%	52.9%	63.0%	53.7%	**49.2%**
Exposure-weighted average risk weight (%)								
Residential Mortgage	4.2%	6.4%	13.5%	32.1%	76.3%	108.8%	225.9%	**16.2%**
Qualifying Revolving Retail	4.8%	11.3%	14.0%	38.5%	107.1%	206.8%	339.7%	**32.8%**
Other Retail	12.9%	22.4%	43.5%	58.7%	83.0%	146.8%	228.5%	**61.9%**

	Sep 12							
	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	2,392	165,193	18,283	52,735	7,404	3,318	1,514	**250,839**
Qualifying Revolving Retail	11,068	121	1,891	4,932	1,778	962	160	**20,912**
Other Retail	747	3,190	1,849	18,362	5,988	904	914	**31,954**
Total	**14,207**	**168,504**	**22,023**	**76,029**	**15,170**	**5,184**	**2,588**	**303,705**
% of Total	4.7%	55.4%	7.3%	25.0%	5.0%	1.7%	0.9%	100.0%
Undrawn commitments (included in above)								
Residential Mortgage	882	17,887	992	2,909	179	65	2	**22,916**
Qualifying Revolving Retail	8,705	121	1,227	2,182	510	114	19	**12,878**
Other Retail	659	2,208	1,162	2,457	195	46	5	**6,732**
Total	**10,246**	**20,216**	**3,381**	**7,548**	**884**	**225**	**26**	**42,526**
Average Exposure at Default								
Residential Mortgage	0.025	0.214	0.141	0.176	0.223	0.242	0.182	**0.186**
Qualifying Revolving Retail	0.011	0.006	0.010	0.009	0.009	0.008	0.009	**0.010**
Other Retail	0.007	0.007	0.008	0.015	0.010	0.006	0.022	**0.012**
Exposure-weighted average Loss Given Default (%)								
Residential Mortgage	16.6%	19.6%	18.6%	22.8%	21.1%	20.0%	24.1%	**20.2%**
Qualifying Revolving Retail	73.2%	73.2%	73.2%	73.2%	73.2%	73.2%	73.2%	**73.2%**
Other Retail	57.0%	51.8%	59.1%	43.8%	50.6%	63.9%	58.3%	**47.8%**
Exposure-weighted average risk weight (%)								
Residential Mortgage	4.3%	6.5%	13.5%	31.8%	77.8%	109.4%	225.3%	**17.1%**
Qualifying Revolving Retail	4.9%	11.4%	14.1%	38.9%	105.8%	206.8%	329.4%	**33.9%**
Other Retail	14.9%	22.7%	40.0%	57.3%	79.5%	155.2%	254.6%	**66.2%**

	Mar 12							
	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	2,272	156,148	18,495	55,199	6,701	3,606	1,771	**244,192**
Qualifying Revolving Retail	10,951	355	1,872	4,997	1,939	1,104	169	**21,387**
Other Retail	282	3,410	1,727	17,526	5,713	964	862	**30,484**
Total	**13,505**	**159,913**	**22,094**	**77,722**	**14,353**	**5,674**	**2,802**	**296,063**
% of Total	4.6%	54.0%	7.5%	26.3%	4.8%	1.9%	0.9%	100.0%
Undrawn commitments (included in above)								
Residential Mortgage	815	17,490	1,083	2,671	161	63	2	**22,285**
Qualifying Revolving Retail	8,526	354	1,195	2,159	516	120	18	**12,888**
Other Retail	200	2,550	950	2,368	280	56	3	**6,407**
Total	**9,541**	**20,394**	**3,228**	**7,198**	**957**	**239**	**23**	**41,580**
Average Exposure at Default								
Residential Mortgage	0.025	0.207	0.138	0.176	0.210	0.240	0.180	**0.181**
Qualifying Revolving Retail	0.011	0.006	0.010	0.009	0.009	0.008	0.008	**0.010**
Other Retail	0.023	0.010	0.011	0.014	0.009	0.006	0.020	**0.012**
Exposure-weighted average Loss Given Default (%)								
Residential Mortgage	20.0%	20.0%	21.3%	23.4%	21.3%	20.0%	22.0%	**20.9%**
Qualifying Revolving Retail	73.2%	73.2%	73.2%	73.2%	73.2%	73.2%	73.2%	**73.2%**
Other Retail	36.7%	64.1%	50.9%	44.5%	51.6%	65.7%	59.1%	**49.4%**
Exposure-weighted average risk weight (%)								
Residential Mortgage	5.1%	6.7%	15.2%	31.9%	78.9%	108.7%	209.4%	**17.5%**
Qualifying Revolving Retail	4.7%	11.1%	13.7%	38.4%	103.6%	205.8%	351.6%	**35.6%**
Other Retail	9.9%	30.1%	34.5%	57.8%	81.3%	159.2%	247.1%	**65.9%**

Table 6(e): Actual Losses by portfolio type [29]

	Half year Mar 13	
Basel Asset Class	Individual provision charge $M	Write-offs $M
Corporate	243	303
Sovereign	-	-
Bank	-	-
Residential Mortgage	35	31
Qualifying Revolving Retail	112	146
Other Retail	138	150
Total Advanced IRB	**528**	**630**
Specialised Lending	39	170
Standardised approach	28	64
Total	**595**	**864**

	Half year Sep 12	
Basel Asset Class	Individual provision charge $M	Write-offs $M
Corporate	450	387
Sovereign	-	-
Bank	-	-
Residential Mortgage	34	36
Qualifying Revolving Retail	134	161
Other Retail	131	125
Total Advanced IRB	**749**	**709**
Specialised Lending	137	79
Standardised approach	29	53
Total	**915**	**841**

	Half year Mar 12	
Basel Asset Class	Individual provision charge $M	Write-offs $M
Corporate	274	205
Sovereign	-	-
Bank	-	-
Residential Mortgage	39	43
Qualifying Revolving Retail	121	147
Other Retail	118	124
Total Advanced IRB	**552**	**519**
Specialised Lending	167	86
Standardised approach	3	57
Total	**722**	**662**

[29] Some prior period comparatives have been restated to reflect reclassification between asset classes.

Table 6(f): Average estimated vs. actual PD, EAD and LGD – Advanced IRB

	Mar 13				
Portfolio Type	Average Estimated PD %	Average Actual PD %	Average estimated to actual EAD ratio	Average Estimated LGD %	Average Actual LGD %
Corporate	1.46	1.06	1.11	42.3	31.1
Sovereign	0.45	nil	n/a	n/a	nil
Bank	0.47	0.09	0.93	44.2	58.2
Specialised Lending	n/a	2.61	1.17	n/a	27.1
Residential Mortgage	0.81	0.80	1.00	20.7	3.9
Qualifying Revolving Retail	2.81	2.19	1.04	73.2	71.7
Other Retail	3.36	3.37	1.06	48.1	44.6

APS 330 Table 6f 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 default 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 March 2013. The actual PD is based on the number of defaulted obligors compared to the total number of obligors measured at the beginning of each financial year over the period of observation being 2009 to March 2013.

The EAD ratio compares internally estimated EAD prior to default to realised EAD for defaulted obligors over the four years of observation being 2009 to 2012 financial years. 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 internal estimates of downturn LGD for accounts that defaulted at the beginning of each year during the observation period being 2009 to 2012 financial years. The actual LGD is based on the average realised losses over the period for the accounts observed at beginning and defaulted during the observation period. For non-retail portfolios, the estimated and actual LGDs are based on accounts that defaulted in 2009 and 2010 financial years. For retail portfolios, the estimated and actual LGDs are based on accounts that defaulted in 2009 to 2011 financial years. For non-retail portfolios, defaults occurring in the 2011 and 2012 have been excluded from the analysis, to allow sufficient time for workout period. Defaults occurring in 2012 have been also excluded for retail portfolios. For non-retail portfolios, actual LGD for defaults where workouts were not finalised have been estimated to approximate the final actual loss. For the retail portfolios, defaults with non finalised workout have been excluded from the analysis. LGD and EAD estimates and actuals have not changed from those reported at 30 September 2012 and are updated annually.

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 7 Credit risk mitigation disclosures

Table 7(b): Credit risk mitigation on Standardised approach portfolios – collateral [30]

	Mar 13			
	Exposure $M	Eligible Financial Collateral $M	Other Eligible Collateral $M	% Coverage
Standardised approach				
Corporate	16,989	370	-	2.2%
Residential Mortgage	4,206	1	-	0.0%
Qualifying Revolving Retail	2,062	-	-	0.0%
Other Retail	1,242	-	-	0.0%
Total	**24,499**	**371**	**-**	**1.5%**

	Sep 12			
	Exposure $M	Eligible Financial Collateral $M	Other Eligible Collateral $M	% Coverage
Standardised approach				
Corporate	17,967	338	-	1.9%
Residential Mortgage	3,775	1	-	0.0%
Qualifying Revolving Retail	2,021	-	-	0.0%
Other Retail	1,146	-	-	0.0%
Total	**24,909**	**339**	**-**	**1.4%**

	Mar 12			
	Exposure $M	Eligible Financial Collateral $M	Other Eligible Collateral $M	% Coverage
Standardised approach				
Corporate	24,797	813	-	3.3%
Residential Mortgage	3,151	12	-	0.4%
Qualifying Revolving Retail	1,925	-	-	0.0%
Other Retail	1,103	-	-	0.0%
Total	**30,976**	**825**	**-**	**2.7%**

[30] 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 7(c): Credit risk mitigation – guarantees and credit derivatives

	Mar 13			
	Exposure $M	Exposures covered by Guarantees $M	Exposures covered by Credit Derivatives $M	% Coverage
Advanced IRB				
Corporate (incl. Specialised Lending)	240,008	16,406	142	6.9%
Sovereign	77,998	241	-	0.3%
Bank	102,372	6,717	-	6.6%
Residential Mortgage	259,553	-	-	0.0%
Qualifying Revolving Retail	20,951	-	-	0.0%
Other Retail	35,187	-	-	0.0%
Total	**736,069**	**23,364**	**142**	**3.2%**
Standardised approach				
Corporate	16,989	-	-	0.0%
Residential Mortgage	4,206	-	-	0.0%
Qualifying Revolving Retail	2,062	-	-	0.0%
Other Retail	1,242	-	-	0.0%
Total	**24,499**	**-**	**-**	**0.0%**

	Sep12			
	Exposure $M	Exposures covered by Guarantees $M	Exposures covered by Credit Derivatives $M	% Coverage
Advanced IRB				
Corporate (incl. Specialised Lending)	234,097	16,259	150	7.0%
Sovereign	66,590	227	-	0.3%
Bank	98,908	6,417	-	6.5%
Residential Mortgage	250,839	-	-	0.0%
Qualifying Revolving Retail	20,912	-	-	0.0%
Other Retail	31,954	-	-	0.0%
Total	**703,300**	**22,903**	**150**	**3.3%**
Standardised approach				
Corporate	17,967	-	-	0.0%
Residential Mortgage	3,775	-	-	0.0%
Qualifying Revolving Retail	2,021	-	-	0.0%
Other Retail	1,146	-	-	0.0%
Total	**24,909**	**-**	**-**	**0.0%**

	Mar 12			
	Exposure $M	Exposures covered by Guarantees $M	Exposures covered by Credit Derivatives $M	% Coverage
Advanced IRB				
Corporate (incl. Specialised Lending)	216,621	13,831	129	6.4%
Sovereign	58,903	213	-	0.4%
Bank	91,262	5,768	2	6.3%
Residential Mortgage	244,192	-	-	0.0%
Qualifying Revolving Retail	21,387	-	-	0.0%
Other Retail	30,484	-	-	0.0%
Total	**662,849**	**19,812**	**131**	**3.0%**
Standardised approach				
Corporate	24,797	-	-	0.0%
Sovereign	-	-	-	0.0%
Bank	-	-	-	0.0%
Residential Mortgage	3,151	-	-	0.0%
Qualifying Revolving Retail	1,925	-	-	0.0%
Other Retail	1,103	-	-	0.0%
Total	**30,976**	**-**	**-**	**0.0%**

Chapter 5 – Securitisation

Banking Book

Table 9(g): Banking Book: Traditional and synthetic securitisation exposures

	Mar 13		
Traditional securitisations			
Underlying asset	ANZ Originated $M	ANZ Self Securitised $M	ANZ Sponsored $M
Residential mortgage	-	46,141	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**-**	**46,141**	**-**
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	-	46,141	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**-**	**46,141**	**-**

Sep 12

Traditional securitisations

Underlying asset	ANZ Originated $M	ANZ Self Securitised $M	ANZ Sponsored $M
Residential mortgage	-	45,499	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**-**	**45,499**	**-**

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	-	45,499	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**-**	**45,499**	**-**

Mar 12

Traditional securitisations

Underlying asset	ANZ Originated $M	ANZ Self Securitised $M	ANZ Sponsored $M
Residential mortgage	145	33,859	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**145**	**33,859**	**-**

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	145	33,859	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**145**	**33,859**	**-**

Table 9(h): Banking Book: Impaired and Past due loans relating to ANZ originated securitisations

	Mar 13				
Underlying asset	ANZ Originated $M	ANZ Self Securitised $M	Impaired $M	Past due $M	Losses recognised for the six month ended $M
Residential mortgage	-	46,141	-	66	-
Credit cards and other personal loans	-	-	-	-	-
Auto and equipment finance	-	-	-	-	-
Commercial loans	-	-	-	-	-
Other	-	-	-	-	-
Total	**-**	**46,141**	**-**	**66**	**-**

	Sep 12				
Underlying asset	ANZ Originated $M	ANZ Self Securitised $M	Impaired $M	Past due $M	Losses recognised for the six month ended $M
Residential mortgage	-	45,499	-	50	-
Credit cards and other personal loans	-	-	-	-	-
Auto and equipment finance	-	-	-	-	-
Commercial loans	-	-	-	-	-
Other	-	-	-	-	-
Total	**-**	**45,499**	**-**	**50**	**-**

	Mar 12				
Underlying asset	ANZ Originated $M	ANZ Self Securitised $M	Impaired $M	Past due $M	Losses recognised for the six month ended $M
Residential mortgage	145	33,859	-	115	-
Credit cards and other personal loans	-	-	-	-	-
Auto and equipment finance	-	-	-	-	-
Commercial loans	-	-	-	-	-
Other	-	-	-	-	-
Total	**145**	**33,859**	**-**	**115**	**-**

Table 9(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 9(j): Banking Book: Securitisation - Summary of current period's activity by underlying asset type and facility [31]

Mar 13	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	-	642	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	**-**	**642**	**-**	**-**

Securitisation activity by facility provided				
Liquidity facilities	-	-	-	-
Funding facilities	-	-	-	190
Underwriting facilities	-	-	-	-
Lending facilities	-	-	-	-
Credit enhancements	-	-	-	-
Holdings of securities (excluding trading book)	-	-	-	444
Other	-	-	-	-
Total	**-**	**-**	**-**	**634**

Sep 12	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	-	11,640	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	**-**	**11,640**	**-**	**-**

Securitisation activity by facility provided				Notional amount $M
Liquidity facilities	-	-	-	-
Funding facilities	-	-	-	396
Underwriting facilities	-	-	-	-
Lending facilities	-	-	-	-
Credit enhancements	-	-	-	-
Holdings of securities (excluding trading book)	-	-	-	609
Other	-	-	-	-
Total	**-**	**-**	**-**	**1,005**

[31] Activity represents net movement in outstandings.

	Mar 12			
	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	-	839	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	**-**	**839**	**-**	**-**

Securitisation activity by facility provided				Notional amount $M
Liquidity facilities	-	-	-	-
Funding facilities	-	-	-	1,269
Underwriting facilities	-	-	-	-
Lending facilities	-	-	-	-
Credit enhancements	-	-	-	-
Holdings of securities (excluding trading book)	-	-	-	1,788
Other	-	-	-	42
Total	**-**	**-**	**-**	**3,099**

Table 9(k): Banking Book: Securitisation - Regulatory credit exposures by exposure type

Securitisation exposure type - On balance sheet	Mar 13 $M	Sep 12 $M	Mar 12 $M
Liquidity facilities	-	128	1,333
Funding facilities	5,232	5,007	3,202
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities (excluding trading book)	2,889	2,925	2,689
Protection provided	-	-	-
Other	-	-	-
Total	**8,121**	**8,060**	**7,224**

Securitisation exposure type - Off balance sheet	Mar 13 $M	Sep 12 $M	Mar 12 $M
Liquidity facilities	121	233	704
Funding facilities	-	60	-
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities (excluding trading book)	-	-	-
Protection provided		-	-
Other	-	-	25
Total	**121**	**293**	**729**

Total Securitisation exposure type	Mar 13 $M	Sep 12 $M	Mar 12 $M
Liquidity facilities	121	361	2,037
Funding facilities	5,232	5,067	3,202
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities (excluding trading book)	2,889	2,925	2,689
Protection provided	-	-	-
Other	-	-	25
Total	**8,242**	**8,353**	**7,953**

Table 9(l) part (i): Banking Book: Securitisation - Regulatory credit exposures by risk weight band

	Mar 13		Sep 12		Mar 12	
Securitisation risk weights	Regulatory credit exposure $M	Risk weighted assets $M	Regulatory credit exposure $M	Risk weighted assets $M	Regulatory credit exposure $M	Risk weighted assets $M
≤ 25%	7,676	841	7,610	820	7,048	741
>25 ≤ 35%	-	-	-	-	-	-
>35 ≤ 50%	-	-	-	-	-	-
>50 ≤ 75%	148	77	154	80	220	121
>75 ≤ 100%	80	80	108	108	199	199
>100 ≤ 650%	33	50	38	57	45	68
1250% (Deduction)	114	1,426	160	-	170	-
Total	**8,051**	**2,474**	**8,070**	**1,065**	**7,682**	**1,129**

	Mar 13		Sep 12		Mar 12	
Resecuritisation risk weights	Regulatory credit exposure $M	Risk weighted assets $M	Regulatory credit exposure $M	Risk weighted assets $M	Regulatory credit exposure $M	Risk weighted assets $M
≤ 25%	146	29	151	30	153	31
>25 ≤ 35%	-	-	86	30	81	28
>35 ≤ 50%	-	-	-	-	-	-
>50 ≤ 75%	-	-	-	-	-	-
>75 ≤ 100%	45	45	45	45	37	37
>100 ≤ 650%	-	-	-	-	-	-
1250% (Deduction)	-	-	-	-	-	-
Total	**191**	**74**	**282**	**105**	**271**	**96**

	Mar 13		Sep 12		Mar 12	
Total Securitisation risk weights	Regulatory credit exposure $M	Risk weighted assets $M	Regulatory credit exposure $M	Risk weighted assets $M	Regulatory credit exposure $M	Risk weighted assets $M
≤ 25%	7,822	871	7,761	850	7,201	772
>25 ≤ 35%	-	-	86	30	81	28
>35 ≤ 50%	-	-	-	-	-	-
>50 ≤ 75%	148	77	154	80	220	121
>75 ≤ 100%	125	125	153	153	236	236
>100 ≤ 650%	33	50	38	57	45	68
1250% (Deduction)	114	1,426	160	-	170	-
Total	**8,242**	**2,549**	**8,352**	**1,170**	**7,953**	**1,225**

Table 9(l) part (ii): Banking Book: Securitisation - Aggregate securitisation exposures deducted from Capital

Securitisation exposures deducted from Capital	Mar 13 Deductions from Tier I Capital $M	Deductions from Tier II Capital $M	Deductions from Total Capital $M
Residential mortgage	-	-	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**-**	**-**	**-**

Securitisation exposures deducted from Capital	Sep 12 Deductions from Tier I Capital $M	Deductions from Tier II Capital $M	Deductions from Total Capital $M
Residential mortgage	80	80	160
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**80**	**80**	**160**

Securitisation exposures deducted from Capital	Mar 12 Deductions from Tier I Capital $M	Deductions from Tier II Capital $M	Deductions from Total Capital $M
Residential mortgage	85	85	170
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**85**	**85**	**170**

Table 9(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 9(n): Banking Book: Resecuritisation - Aggregate amount of resecuritisation exposures retained or purchased

	Mar 13		
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	-	146	**146**
Auto and equipment finance	-	45	**45**
Commercial loans	-	-	**-**
Other	-	-	**-**
Total	**-**	**191**	**191**

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 12		
Resecuritisation exposures retained or purchased	Exposures subject to CRM $M	Exposures not subject to CRM $M	Total $M
Residential mortgage	-	92	**92**
Credit cards and other personal loans	-	145	**145**
Auto and equipment finance	-	45	**45**
Commercial loans	-	-	**-**
Other	-	-	**-**
Total	**-**	**282**	**282**

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 12		
Resecuritisation exposures retained or purchased	Exposures subject to CRM $M	Exposures not subject to CRM $M	Total $M
Residential mortgage	-	87	**87**
Credit cards and other personal loans	-	146	**146**
Auto and equipment finance	-	37	**37**
Commercial loans	-	-	**-**
Other	-	-	**-**
Total	**-**	**270**	**270**

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 9(o): Trading Book: Traditional and synthetic securitisation exposures

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

Table 9(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 9(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 9(r): Trading Book: Traditional and synthetic securitisation exposures

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

Table 9(s): Trading Book: Securitisation – Regulatory credit exposures by exposure type

Securitisation exposure type - On balance sheet	Mar 13 $M	Sep 12 $M	Mar 12 $M
Liquidity facilities	-	-	-
Funding facilities	-	-	-
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities	17	10	37
Protection provided	-	-	-
Other	-	-	-
Total	**17**	**10**	**37**

Securitisation exposure type - Off balance sheet	Mar 13 $M	Sep 12 $M	Mar 12 $M
Liquidity facilities	-	-	-
Funding facilities	-	-	-
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities	-	-	-
Protection provided	-	-	-
Other	-	-	-
Total	**-**	**-**	**-**

Total Securitisation exposure type	Mar 13 $M	Sep 12 $M	Mar 12 $M
Liquidity facilities	-	-	-
Funding facilities	-	-	-
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities	17	10	37
Protection provided	-	-	-
Other	-	-	-
Total	**17**	**10**	**37**

Table 9(t)(i) & Table 9(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 9(t)(ii) & Table 9(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 9(u)(iii): Trading Book: Securitisation - Aggregate securitisation exposures deducted from Capital

ANZ does not have any Securitisation exposures deducted from Capital.

Table 9(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 9(w): Trading Book: Resecuritisation - Aggregate amount of resecuritisation exposures retained or purchased

	Mar 13		
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 12		
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	-	15	**15**
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**-**	**15**	**15**

Resecuritisation exposures by credit worthiness of guarantors	Exposures to Guarantors $M
Credit Rating Level 1	15
Credit Rating Level 2	-
Credit Rating Level 3	-
Credit Rating Level 4	-
Credit Rating Level 5 or below	-
No Guarantor	-
Total	**-**

	Mar 12		
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 10 Market risk – Standard approach

Table 10(b): Market risk – Standard approach [32]

	Mar 13 $M	Sep 12 $M	Mar 12 $M
Interest rate risk	134	110	114
Equity position risk	7	4	4
Foreign exchange risk		-	-
Commodity risk	3	3	2
Total	**144**	**117**	**120**
Risk Weighted Assets equivalent	**1,800**	**1,463**	**1,500**

[32] RWA equivalent is the capital requirement multiplied by 12.5 in accordance with APS 110.

Table 11 Market risk – Internal models approach

Table 11(d): Value at Risk (VaR) over the reporting period [33] [34]

	Six months ended 31 Mar 13			
Value at Risk (VaR)	Mean $M	Maximum $M	Minimum $M	Period end $M
Foreign Exchange	5.4	12.6	3.3	6.3
Interest Rate	5.2	11.6	2.8	8.3
Credit	3.8	5.6	2.8	3.8
Commodity	2.5	4.1	1.3	2.3
Equity	1.8	2.9	1.0	1.3

	Six months ended 30 Sep 12			
Value at Risk (VaR)	Mean $M	Maximum $M	Minimum $M	Period end $M
Foreign Exchange	5.5	10.0	3.5	3.5
Interest Rate	4.6	8.1	2.8	4.5
Credit	4.7	7.5	2.6	4.0
Commodity	2.9	4.2	1.4	1.7
Equity	1.3	2.7	0.7	1.2

	Six months ended 31 Mar 12			
Value at Risk (VaR)	Mean $M	Maximum $M	Minimum $M	Period end $M
Foreign Exchange	6.2	8.9	4.3	4.9
Interest Rate	6.1	8.0	4.7	6.4
Credit	4.7	7.2	3.6	5.9
Commodity	3.2	4.7	1.6	3.1
Equity	1.9	4.0	1.1	1.4

Comparison of VaR estimates to actual gains/losses

Back testing involves the comparison of calculated VaR exposures with profit and loss data to identify the frequency of instances when trading losses exceed the calculated VaR. For APRA back testing purposes, VaR is calculated at the 99% confidence interval with a one-day holding period.

Back testing is conducted daily, and outliers are analysed to understand if the issues are the result of trading decisions, systemic changes in market conditions or issues related to the VaR model i.e. historical data or model calibration.

ANZ uses actual and hypothetical profit and loss data. Hypothetical data is designed to remove the impacts of intraday trading and sales margins. It is calculated as the difference between the value of the prior day portfolio at prior day closing rates and the value at current day closing rates. Markets Finance calculates actual profit and loss while Market Risk calculates hypothetical profit and loss.

Total Traded market risk back testing exceptions were within the APS 116 green zone for the period.

The following table discloses the high, mean and low VaR values over the reporting period and at period end.

[33] Regulatory VaR is calculated at 99% confidence level for a one-day holding period. Tables for March 12 and September 12 have been restated using 99% VaR inline with the change to monitoring VaR limits at a 99% Confidence interval.

[34] The Foreign exchange VaR excludes foreign exchange translation exposures outside of the trading book.

Chapter 7 – Equities

Table 13 Equities – Disclosures for Banking Book positions

Table 13(b) and 13(c): Equities – Types and nature of Banking Book investments

Equity investments	Mar 13 $M Balance sheet value	Fair value
Value of listed (publicly traded) equities	1,998	2,305
Value of unlisted (privately held) equities	1,834	1,864
Total	**3,832**	**4,169**

Equity investments	Sep 12 $M Balance sheet value	Fair value
Value of listed (publicly traded) equities	1,943	2,169
Value of unlisted (privately held) equities	1,694	1,731
Total	**3,637**	**3,900**

Equity investments	Mar 12 $M Balance sheet value	Fair value
Value of listed (publicly traded) equities	1,876	2,322
Value of unlisted (privately held) equities	2,031	2,067
Total	**3,907**	**4,389**

Table 13(d) and 13(e): Equities – gains (losses)

Gains (losses) on equity investments	Half Year Mar 13 $M	Half Year Sep 12 $M	Half Year Mar 12 $M
Cumulative realised gains (losses) from disposals and liquidations in the reporting period	4	233	29
Cumulative realised losses from impairment and writedowns in the reporting period	(1)	(4)	(37)
Gain on dilution of shareholding	-	10	-
Total unrealised gains (losses) included in Gross Tier 1/Tier 2 capital	**3**	**239**	**(8)**

Unrealised gains (losses) on equity investments	Half Year Mar 13 $M	Half Year Sep 12 $M	Half Year Mar 12 $M
Total unrealised gains (losses)	4	9	71
Reversal of prior period unrealised gains (losses) from disposals and liquidations in the reporting period	(1)	(196)	(5)
Total unrealised gains (losses) included in Gross Tier 1/Tier 2 capital	**3**	**(187)**	**66**

Table 13(f): Equities Risk Weighted Assets [35]

Risk Weighted Assets	Basel III Mar 13 $M	Basel II Sep 12 $M	Mar 12 $M
Equity investments subject to a 300% risk weight	n/a	174	62
Equity investments subject to a 400% risk weight	n/a	856	1,173
Total RWA - Equity	**n/a**	**1,030**	**1,235**

[35] Under Basel III, equity exposures in the banking book are no longer risk weighted, but are taken as capital deductions.

Chapter 8 – Interest Rate Risk in the Banking Book

Table 14 Interest Rate Risk in the Banking Book

Table 14(b): Interest Rate Risk in the Banking Book

	Change in Economic Value		
Standard Shock Scenario Stress Testing: Interest rate shock applied	**Mar 13** $M	**Sep 12** $M	**Mar 12** $M
AUD			
200 basis point parallel increase	(479)	(18)	154
200 basis point parallel decrease	524	20	(158)
NZD			
200 basis point parallel increase	(5)	(3)	51
200 basis point parallel decrease	1	(4)	(61)
USD			
200 basis point parallel increase	(37)	(1)	9
200 basis point parallel decrease	16	8	4
GBP			
200 basis point parallel increase	(2)	(6)	(10)
200 basis point parallel decrease	1	2	5
Other			
200 basis point parallel increase	41	17	19
200 basis point parallel decrease	(8)	1	(1)
IRRBB regulatory capital	**1,010**	**996**	**837**
IRRBB regulatory RWA	**12,629**	**12,455**	**10,465**

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.

Appendix 1 – Detail of capital structure

		Basel III		Basel II		
Gross Common Equity Tier 1 capital		**Mar 13** $M		**Sep 12** $M		**Mar 12** $M
Paid-up ordinary share capital		23,687		23,203		22,396
Reserves						
Foreign currency translation reserve	(2,826)		(2,831)		(2,830)	
Share and share option reserve	202		201		180	
Available for sale reserve [36] [37]	33		n/a		n/a	
Hedging reserve [37]	130		n/a		n/a	
Transactions with non-controlling interest reserve	(23)		(23)		(23)	
Total reserves		(2,484)		(2,653)		(2,673)
Prudential retained earnings						
Retained earnings including current year earnings	20,534		19,728		18,758	
Accumulated retained profits & reserves of insurance, funds management & securitisation entities [38]	(573)		(1,653)		(1,438)	
Deferred fee revenue including fees deferred as part of loan yields	362		415		425	
Dividend not provided for	n/a		(2,149)		(1,769)	
Accrual for Dividend Reinvestment Plans	n/a		430		531	
Total prudential retained earnings		20,323		16,771		16,507
Non-controlling interests		35		42		43
Total		**41,561**		**37,363**		**36,273**

	Basel III	Basel II	
Deductions from Common Equity Tier 1 capital	**Mar 13** $M	**Sep 12** $M	**Mar 12** $M
Goodwill	(3,685)	(3,008)	(2,966)
Other deductions from Common Equity Tier 1 capital			
Intangible component of investment in OnePath Australia and New Zealand (excluding prudential goodwill) [39]	(2,075)	(2,074)	(2,071)
Capitalised software and other intangible assets	(1,832)	(1,746)	(1,711)
Capitalised expenses including loan and lease origination fees	(884)	(850)	(761)
Applicable deferred net tax assets [40]	(990)	(301)	(92)
Expected losses in excess of eligible provisions [41]	(526)	(542)	(524)
Investment in ANZ insurance and funds management subsidiaries	(684)	(327)	(327)
Investment in OnePath Australia and New Zealand	(1,042)	(721)	(922)
Investment in banking associates	(2,956)	(1,070)	(1,118)
Other deductions [42]	(496)	(200)	(366)
Total other Common Equity Tier 1 deductions	(11,485)	(7,831)	(7,892)
Total deductions from Common Equity Tier 1 capital	**(15,170)**	**(10,839)**	**(10,858)**

[36] Excluding available for sale reserve attributable to deconsolidated entities.

[37] Prior to 2013, the entire balance was excluded from capital.

[38] Prior to 2013, included undistributed equity accounted earnings in associates

[39] Calculation based on prudential requirements.

[40] From 2013, includes deferred tax on general reserve for impairment of financial assets.

[41] From 2013, does not include adjustments for tax.

[42] In 2013, includes Cash Flow Hedge Reserve.

	Basel III	Basel II	
Tier 2 capital	**Mar 13** $M	**Sep 12** $M	**Mar 12** $M
General reserve for impairment of financial assets	244	234	230
Perpetual subordinated notes	957	951	943
Subordinated debt	4,979	5,702	5,757
Less: Adjustment for third party holdings	(87)	n/a	n/a
Holdings of Tier 2 instruments in ANZ and other financial institutions	(31)	n/a	n/a
Tier 2 capital components	6,062	6,887	6,930
Deductions	n/a	(2,814)	(3,217)
Total deductions from Tier 2 capital	**6,062**	**4,073**	**3,713**

Appendix 2 – ANZ Bank (Europe) Limited

ANZ Bank (Europe) Limited (ANZBEL) is a 100% owned and controlled subsidiary of ANZ. ANZBEL was regulated by the Financial Services Authority (FSA) until 31 March 2013, after which date the FSA split to form the Prudential Regulatory Authority (PRA) and the Financial Conduct Authority (FCA). ANZBEL is subject to similar Pillar 3 requirements as ANZ, under the FSA's Prudential Source Book for Banks, Building Societies and Investment Firms (BIPRU). The FSA has granted ANZBEL a Pillar 3 Disclosure waiver direction, which can be found on the FSA website: fsa.gov.uk/pubs/waivers/bipru_waivers.pdf.

In line with the FSA waiver direction, ANZBEL will rely on disclosures in this document to satisfy most of its Pillar 3 disclosure obligations. The following FSA requirements are not mirrored in APS 330 or included in this disclosure document, and as such are required by the FSA to be reported on an individual basis in the annual ANZBEL Statutory Accounts:

- BIPRU 11.5.4R (4) - Disclosure of the firm’s minimum capital requirements covering position, foreign exchange, commodity, counterparty and concentration risks.
- BIPRU 11.5.12R – Disclosure: Market Risk.

Glossary

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 Default Swaps (CDS)	A sequence of payments by one party (often called the "Buyer") in exchange for an obligation of the other party (often called the "Seller") to make a payment to the buyer if a credit default event occurs in relation to a specified reference entity (and possibly a specified obligation of that reference entity).
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.
Equity risk	Is the potential loss that may be incurred on equity investments in the banking book.
Expected loss (EL)	Expected loss is determined based on the expected average annual loss of principal over the economic cycle for the current risk profile of the lending portfolio.
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)	Impaired 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.
Loss Given Default (LGD)	Loss Given Default 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.
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.
Probability of Default (PD)	Probability of Default is an estimate of the level of the risk of borrower default.
Recoveries	Payments received and taken to profit for the current period for the amounts written off in prior financial periods.
Regulatory Expected Loss	Regulatory Expected Loss is a measure of expected credit losses at the start of the year, whereas write-offs relate to a fluctuating portfolio and are recorded throughout the year.
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 which are weighted for credit risk according to a set formula (APS 112/113).
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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