2012

BASEL II
PILLAR 3 DISCLOSURE

HALF YEAR ENDED 31 MARCH 2012

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 2012. 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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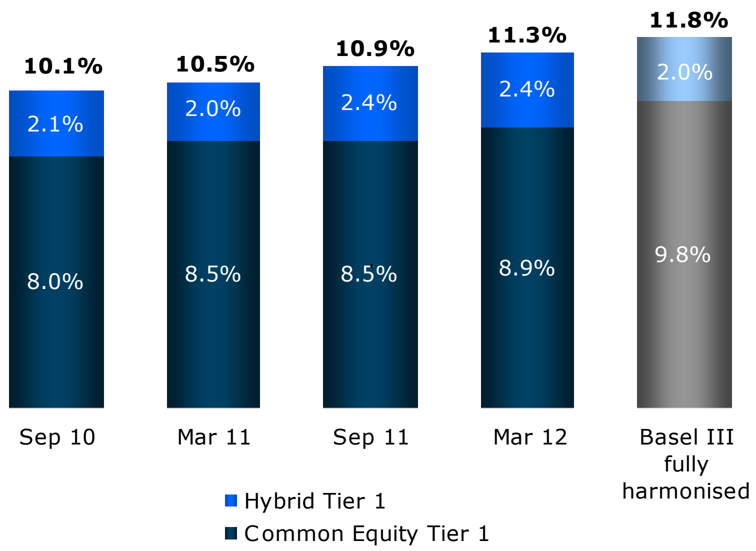
[1] Each table reference adopted in this document aligns to those required by APS 330 to be disclosed at half year.

Chapter 1 – Highlights

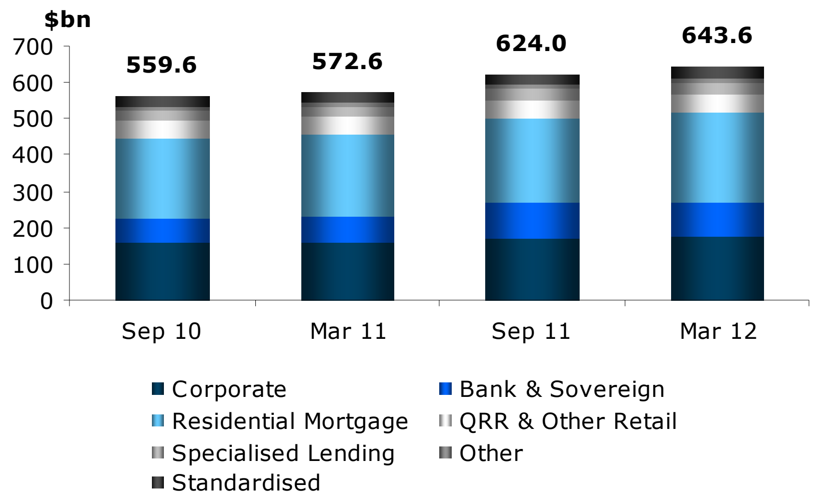
Capital Ratios



Strengthening capital position through organic capital generation

- Tier 1 capital position up 40bps since September 11.
- Solid organic capital generation underpins strong CET1 position.
- ANZ is well capitalised and positioned to manage transition to Basel III.

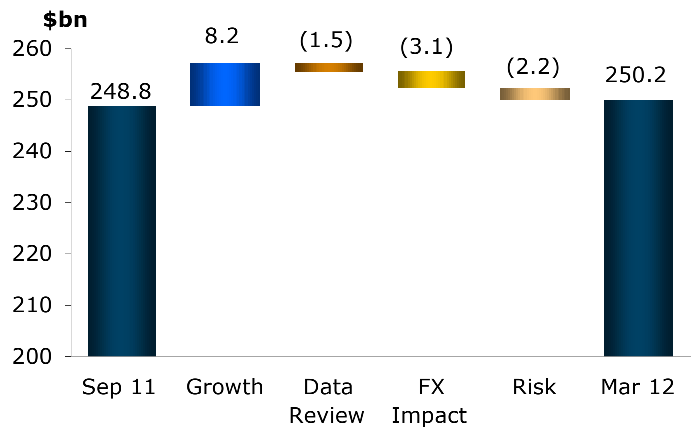
Exposure at Default ($bn)



Growth in EAD of 3.1% to $643.6bn in 1H12

- Growth was across Residential Mortgages, Sovereign and Corporate exposures.

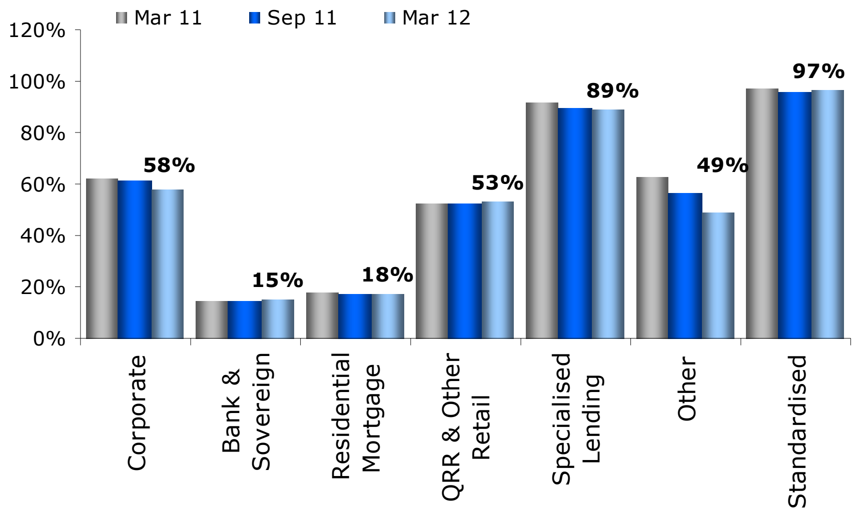
Movement in Credit Risk Weighted Assets ($bn)



CRWA up by 0.5% since September 11

- Growth in CRWA has been predominately driven by growth in Asia and Residential Mortgages in Australia, offset by Risk improvement and FX impact.

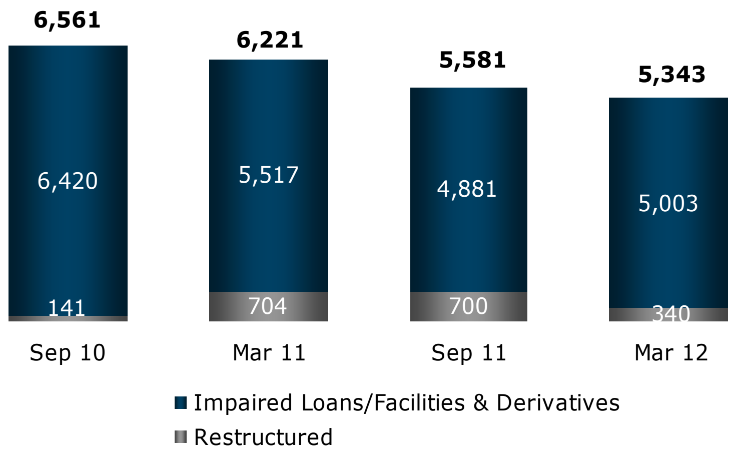
Average Risk Weights (CRWA/EAD)



Portfolio average risk weight decreased by 1.1% to 38.8% in March 12

- Decrease mainly driven by risk improvement in Corporate by 3.6%.

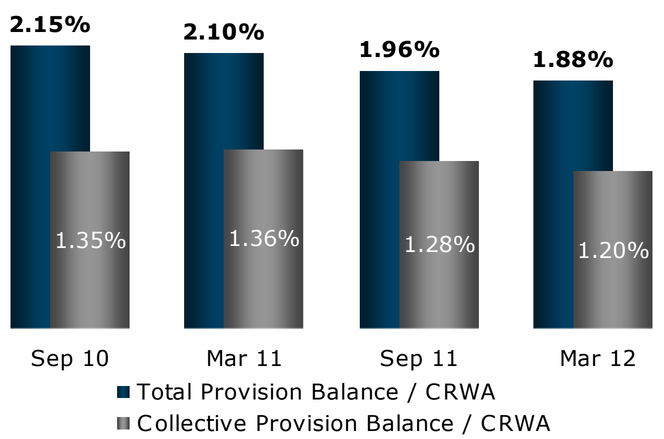
Impaired Assets ($m)



Impaired Assets continued to reduce since September 11 down by $238m

- Decrease driven by reductions of large key name exposures, offset by new impairments.

Provision Ratios (Provisions/CRWA)



Provision coverage ratios decreased

- Coverage ratios decreased due to CRWA growth and a reduction in the collective provision balance mainly driven by releases from the economic cycle and concentration risk adjustment components of the balance.

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 has been established to implement Pillar 3 of the Basel Committee on Banking Supervision's framework for bank capital adequacy, known as 'Basel II'[2]. In simple terms, Basel II 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 II in ANZ

In December 2007, ANZ received accreditation for the most advanced approaches permitted under Basel II for credit risk and operational risk, complementing its existing accreditation for market risk.

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 2011: nil; March 2011: nil).

Table 2 Capital structure [3]

Tier 1 capital	Mar 12 $M	Sep 11 $M	Mar 11 $M
Paid-up ordinary share capital	22,396	21,577	20,839
Reserves	(2,673)	(2,266)	(3,143)
Retained earnings	16,507	15,123	14,732
Non-controlling interests	43	41	64
Fundamental Tier 1 capital	**36,273**	**34,475**	**32,492**
Innovative Tier 1 capital	1,592	1,641	1,597
Non-innovative Tier 1 capital	5,081	5,111	3,751
Gross Tier 1 capital	**42,946**	**41,227**	**37,840**
Goodwill	(2,966)	(2,968)	(2,795)
Other deductions from Tier 1 capital only	(4,675)	(4,572)	(4,220)
50/50 deductions from Tier 1 capital	(3,217)	(3,071)	(3,055)
Deductions from Tier 1 capital	**(10,858)**	**(10,611)**	**(10,070)**
Net Tier 1 capital	**32,088**	**30,616**	**27,770**
Tier 2 capital			
Upper Tier 2 capital			
Perpetual subordinated notes	946	965	905
General reserve for impairment of financial assets net of attributable deferred tax asset [4]	230	266	264
Lower Tier 2 capital	5,782	5,042	6,201
Gross Tier 2 capital	**6,958**	**6,273**	**7,370**
Upper and lower Tier 2 capital deductions	(28)	(28)	(28)
50/50 deductions from Tier 2 capital	(3,217)	(3,071)	(3,055)
Deductions from Tier 2 capital	**(3,245)**	**(3,099)**	**(3,083)**
Net Tier 2 capital	**3,713**	**3,174**	**4,287**
Total capital base	**35,801**	**33,790**	**32,057**

[3] Further information on Capital structure can be found in Appendix 1.

[4] Under Basel II, "General reserve for impairment of financial assets net of attributable deferred tax asset" consists of the surplus of the general reserve for impairment of financial assets net of tax and/or the provisions attributable to the standardised portfolio.

Table 3 Capital Ratio and Risk Weighted Assets [5] [6]

Risk weighted assets (RWA)	Mar 12 $M	Sep 11 $M	Mar 11 $M
Subject to Advanced Internal Rating Based (IRB) approach			
Corporate	101,280	106,120	98,393
Sovereign	4,669	4,365	3,217
Bank	10,195	9,456	6,958
Residential Mortgage	42,684	41,041	40,126
Qualifying Revolving Retail	7,610	7,468	7,552
Other Retail	20,087	19,240	18,485
Credit risk weighted assets subject to Advanced IRB approach	**186,525**	**187,690**	**174,731**
Credit risk Specialised Lending exposures subject to slotting approach	**27,903**	**27,757**	**26,799**
Subject to Standardised approach			
Corporate	24,922	22,484	20,680
Residential Mortgage	1,445	845	406
Qualifying Revolving Retail	1,933	2,344	2,207
Other Retail	1,124	1,650	1,710
Credit risk weighted assets subject to Standardised approach	**29,424**	**27,323**	**25,003**
Credit risk weighted assets relating to securitisation exposures	1,225	1,136	1,209
Credit risk weighted assets relating to equity exposures	1,235	1,399	1,635
Other assets	3,853	3,523	3,869
Total credit risk weighted assets	**250,165**	**248,828**	**233,246**
Market risk weighted assets	4,201	3,046	2,547
Operational risk weighted assets	20,005	19,651	18,331
Interest rate risk in the banking book (IRRBB) risk weighted assets	10,465	8,439	10,112
Total risk weighted assets	**284,836**	**279,964**	**264,236**
Capital ratios (%)			
Level 2 Total capital ratio	**12.6**	**12.1**	**12.1**
Level 2 Tier 1 capital ratio	**11.3**	**10.9**	**10.5**
Level 1: Extended licensed entity Total capital ratio	**12.9**	**12.3**	**12.6**
Level 1: Extended licensed entity Tier 1 capital ratio	**11.8**	**11.5**	**11.4**
Other significant Authorised Deposit-taking Institution (ADI) or overseas bank subsidiary:			
ANZ National Bank Limited - Total capital ratio	**13.4**	**12.7**	**12.9**
ANZ National Bank Limited - Tier 1 capital ratio	**10.9**	**10.0**	**9.6**

Credit Risk Weighted Assets (CRWA)

Total CRWA increased by $1.3 billion (0.5%) from September 2011 to $250.2 billion. The key impacts on CRWA were an increase of $2.1 billion (7.7%) in Standardised assets driven by growth in Asia, increase of $1.6 billion (4.0%) in IRB Residential Mortgages driven by growth in Australia, partially offset by a decrease of $4.8 billion (4.6%) in IRB Corporate driven mainly by credit risk improvement to Institutional assets, methodology and exchange rate impacts.

IRRBB RWA

The increase in IRRBB RWA over the half of $2.0 billion was due to greater repricing and yield curve risk.

[5] 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.

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

Chapter 4 – Credit risk

Table 4 Credit risk – General disclosures [7]

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

	Mar 12				
Advanced IRB approach	Risk Weighted Assets $M	Exposure at Default $M	Average Exposure at Default for half year $M	Individual provision charge for half year $M	Write-offs for half year $M
Corporate	101,280	175,471	174,358	236	178
Sovereign	4,669	56,106	54,323	-	-
Bank	10,195	41,243	41,776	-	-
Residential Mortgage	42,684	244,192	239,537	44	46
Qualifying Revolving Retail	7,610	21,387	21,303	121	146
Other Retail	20,087	30,485	30,024	117	148
Total Advanced IRB approach	**186,525**	**568,884**	**561,321**	**518**	**518**
Specialised Lending	**27,903**	**31,374**	**31,147**	**168**	**86**
Standardised approach					
Corporate	24,922	24,313	23,579	(1)	5
Residential Mortgage	1,445	3,140	2,947	5	1
Qualifying Revolving Retail	1,933	1,924	2,012	25	37
Other Retail	1,124	1,103	999	(25)	15
Total Standardised approach	**29,424**	**30,480**	**29,537**	**4**	**58**
Total	**243,852**	**630,738**	**622,005**	**690**	**662**

[7] Some prior period comparatives have been restated to reflect reclassification between asset classes, geographies, industries and maturity buckets.

[8] 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 net of credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral.

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

Advanced IRB approach	Sep 11 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	106,120	173,245	166,079	150	151
Sovereign	4,365	52,540	44,759	-	-
Bank	9,456	42,308	38,641	32	-
Residential Mortgage	41,041	234,882	230,771	41	44
Qualifying Revolving Retail	7,468	21,219	21,120	130	154
Other Retail	19,240	29,563	29,051	150	173
Total Advanced IRB approach	**187,690**	**553,757**	**530,421**	**503**	**522**
Specialised Lending	**27,757**	**30,921**	**30,064**	**85**	**114**
Standardised approach					
Corporate	22,832	22,844	21,997	6	15
Residential Mortgage	1,457	2,754	2,350	8	8
Qualifying Revolving Retail	2,111	2,101	2,052	26	42
Other Retail	923	895	736	(8)	17
Total Standardised approach	**27,323**	**28,594**	**27,135**	**32**	**82**
Total	**242,770**	**613,272**	**587,620**	**620**	**718**

Advanced IRB approach	Mar 11 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	98,393	158,912	158,568	191	263
Sovereign	3,217	36,977	36,038	-	-
Bank	6,958	34,974	33,828	(8)	-
Residential Mortgage	40,126	226,659	223,356	23	40
Qualifying Revolving Retail	7,552	21,020	20,892	115	135
Other Retail	18,485	28,538	28,410	133	142
Total Advanced IRB approach	**174,731**	**507,080**	**501,092**	**454**	**580**
Specialised Lending	**26,799**	**29,207**	**28,521**	**107**	**56**
Standardised approach					
Corporate	21,142	21,149	21,220	25	2
Residential Mortgage	1,252	1,945	1,830	3	-
Qualifying Revolving Retail	2,003	2,003	2,051	29	48
Other Retail	606	577	594	(8)	17
Total Standardised approach	**25,003**	**25,674**	**25,695**	**49**	**67**
Total	**226,533**	**561,961**	**555,308**	**610**	**703**

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

Portfolio Type	Mar 12 $M	Sep 11 $M	Mar 11 $M	Average for half year Mar 12 $M
Acceptances	19,174	17,793	17,925	18,483
Cash and liquid assets	24,605	15,945	14,308	20,275
Contingents liabilities, commitments, and other off-balance sheet exposures	120,925	119,456	108,291	120,190
Derivatives	25,230	29,815	24,477	27,523
Due from other financial institutions	9,745	12,053	5,815	10,899
Investment securities	18,584	21,438	16,482	20,011
Loans and advances	391,137	371,826	354,374	381,482
Other assets	1,210	2,015	1,873	1,613
Trading securities	20,128	22,931	18,416	21,529
Total exposures	**630,738**	**613,272**	**561,961**	**622,005**

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

	Mar 12			
Portfolio Type	Australia $M	New Zealand $M	Asia Pacific, Europe and Americas $M	Total $M
Corporate	112,859	36,783	50,142	**199,784**
Sovereign	11,252	7,336	37,518	**56,106**
Bank	19,914	3,322	18,007	**41,243**
Residential Mortgage	199,454	44,743	3,135	**247,332**
Qualifying Revolving Retail	21,387	-	1,924	**23,311**
Other Retail	23,259	7,287	1,042	**31,588**
Specialised Lending	24,675	6,081	618	**31,374**
Total exposures	**412,800**	**105,552**	**112,386**	**630,738**

	Sep 11			
Portfolio Type	Australia $M	New Zealand $M	Asia Pacific, Europe and Americas $M	Total $M
Corporate	112,912	36,839	46,338	**196,089**
Sovereign	15,728	7,732	29,080	**52,540**
Bank	21,211	4,852	16,245	**42,308**
Residential Mortgage	190,811	44,071	2,754	**237,636**
Qualifying Revolving Retail	21,219	-	2,101	**23,320**
Other Retail	22,175	7,388	895	**30,458**
Specialised Lending	24,224	5,929	768	**30,921**
Total exposures	**408,280**	**106,811**	**98,181**	**613,272**

	Mar 11			
Portfolio Type	Australia $M	New Zealand $M	Asia Pacific, Europe and Americas $M	Total $M
Corporate	107,394	34,881	37,786	**180,061**
Sovereign	15,427	6,102	15,448	**36,977**
Bank	17,772	2,582	14,620	**34,974**
Residential Mortgage	185,453	41,206	1,945	**228,604**
Qualifying Revolving Retail	21,020	-	2,003	**23,023**
Other Retail	21,719	6,819	577	**29,115**
Specialised Lending	22,742	5,651	814	**29,207**
Total exposures	**391,527**	**97,241**	**73,193**	**561,961**

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

	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	33,941	8,200	6,189	8,029	10,611	16,872	2,501	34,176	1,220	16,947	22,952	13,864	9,463	14,819	**199,784**
Sovereign	333	1	86	839	2	32,902	20,140	251	249	520	50	-	419	314	**56,106**
Bank	12	45	5	2	4	40,884	-	39	55	2	70	3	61	61	**41,243**
Residential Mortgage	-	-	-	-	-	-	-	-	247,332	-	-	-	-	-	**247,332**
Qualifying Revolving Retail	-	-	-	-	-	-	-	-	23,311	-	-	-	-	-	**23,311**
Other Retail	2,818	1,770	2,537	78	843	318	7	892	15,853	848	630	2,001	1,010	1,983	**31,588**
Specialised Lending	287	-	394	1,731	90	-	-	217	-	25,651	-	-	2,586	418	**31,374**
Total exposures	**37,391**	**10,016**	**9,211**	**10,679**	**11,550**	**90,976**	**22,648**	**35,575**	**288,020**	**43,968**	**23,702**	**15,868**	**13,539**	**17,595**	**630,738**
% of Total	*5.9%*	*1.6%*	*1.5%*	*1.7%*	*1.8%*	*14.4%*	*3.6%*	*5.6%*	*45.7%*	*7.0%*	*3.8%*	*2.5%*	*2.1%*	*2.8%*	*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.

Portfolio Type	Sep 11 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	33,844	8,160	5,903	7,764	10,080	20,309	1,724	34,296	865	16,272	19,079	13,232	9,299	15,262	**196,089**
Sovereign	85	-	89	632	-	25,272	25,220	223	177	497	28	-	27	290	**52,540**
Bank	-	-	-	18	-	42,151	-	16	-	42	10	-	42	29	**42,308**
Residential Mortgage	-	-	-	-	-	-	-	-	237,636	-	-	-	-	-	**237,636**
Qualifying Revolving Retail	-	-	-	-	-	-	-	-	23,320	-	-	-	-	-	**23,320**
Other Retail	2,420	1,757	2,490	76	823	307	8	878	15,111	824	638	1,984	1,007	2,135	**30,458**
Specialised Lending	309	-	679	2,016	145	186	-	247	6	24,706	-	-	2,343	284	**30,921**
Total exposures	**36,658**	**9,917**	**9,161**	**10,506**	**11,048**	**88,225**	**26,952**	**35,660**	**277,115**	**42,341**	**19,755**	**15,216**	**12,718**	**18,000**	**613,272**
% of Total	*6.0%*	*1.6%*	*1.5%*	*1.7%*	*1.8%*	*14.4%*	*4.4%*	*5.8%*	*45.2%*	*6.9%*	*3.2%*	*2.5%*	*2.1%*	*2.9%*	*100.0%*

Portfolio Type	Mar 11 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	32,324	8,004	5,790	7,035	8,908	17,600	1,302	30,240	901	14,804	17,778	12,155	8,697	14,523	**180,061**
Sovereign	115	-	39	468	-	17,493	17,511	110	316	468	2	-	29	426	**36,977**
Bank	-	-	-	37	-	34,781	-	15	1	21	21	-	47	51	**34,974**
Residential Mortgage	-	-	-	-	-	-	-	-	228,604	-	-	-	-	-	**228,604**
Qualifying Revolving Retail	-	-	-	-	-	-	-	-	23,023	-	-	-	-	-	**23,023**
Other retail	2,337	1,731	2,415	73	786	303	7	855	14,359	866	612	1,952	1,000	1,819	**29,115**
Specialised Lending	217	-	380	1,964	153	160	-	223	6	23,936	-	-	2,088	80	**29,207**
Total exposures	**34,993**	**9,735**	**8,624**	**9,577**	**9,847**	**70,337**	**18,820**	**31,443**	**267,210**	**40,095**	**18,413**	**14,107**	**11,861**	**16,899**	**561,961**
% of Total	*6.2%*	*1.7%*	*1.5%*	*1.7%*	*1.8%*	*12.5%*	*3.4%*	*5.6%*	*47.6%*	*7.1%*	*3.3%*	*2.5%*	*2.1%*	*3.0%*	*100.0%*

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

Portfolio Type	Mar 12 < 12 mths $M	1 - 5 years $M	> 5 years $M	No Maturity Specified $M	Total $M
Corporate	84,454	94,318	20,860	152	**199,784**
Sovereign	37,623	14,884	3,599	-	**56,106**
Bank	23,720	16,332	1,191	-	**41,243**
Residential Mortgage	2,415	4,727	209,664	30,526	**247,332**
Qualifying Revolving Retail	-	-	-	23,311	**23,311**
Other Retail	10,971	13,808	6,490	319	**31,588**
Specialised Lending	11,003	17,282	3,048	41	**31,374**
Total exposures	**170,186**	**161,351**	**244,852**	**54,349**	**630,738**

Portfolio Type	Sep 11 < 12 mths $M	1 - 5 years $M	> 5 years $M	No Maturity Specified $M	Total $M
Corporate	89,257	87,175	19,544	113	**196,089**
Sovereign	22,399	25,598	4,543	-	**52,540**
Bank	23,341	18,843	124	-	**42,308**
Residential Mortgage	2,303	4,586	201,673	29,074	**237,636**
Qualifying Revolving Retail	-	-	-	23,320	**23,320**
Other Retail	10,725	13,123	6,307	303	**30,458**
Specialised Lending	11,922	15,407	3,550	42	**30,921**
Total exposures	**159,947**	**164,732**	**235,741**	**52,852**	**613,272**

Portfolio Type	Mar 11 < 12 mths $M	1 - 5 years $M	> 5 years $M	No Maturity Specified $M	Total $M
Corporate	83,968	76,919	19,099	75	**180,061**
Sovereign	19,111	14,565	3,301	-	**36,977**
Bank	17,960	16,844	170	-	**34,974**
Residential Mortgage	2,249	4,326	193,568	28,461	**228,604**
Qualifying Revolving Retail	-	-	-	23,023	**23,023**
Other Retail	9,972	12,911	5,934	298	**29,115**
Specialised Lending	10,604	15,304	3,255	44	**29,207**
Total exposures	**143,864**	**140,869**	**225,327**	**51,901**	**561,961**

[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 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	11	19
Construction	75	412	53	84	52	13
Electricity, Gas & Water Supply	-	249	2	2	-	-
Entertainment, Leisure & Tourism	-	157	35	32	2	8
Financial, Investment & Insurance	-	215	23	30	98	79
Government & Official Institutions	-	-	-	-	-	-
Manufacturing	1	322	31	177	73	20
Personal	-	925	1,226	481	264	353
Property Services	74	927	163	252	137	110
Retail Trade	-	83	56	52	14	14
Transport & Storage	1	81	22	36	9	5
Wholesale Trade	-	260	20	116	(26)	9
Other	-	151	24	31	3	11
Total	**151**	**5,192**	**1,876**	**1,714**	**690**	**662**

[13] Impaired derivatives include a credit valuation adjustment (CVA) of $74 million, being a market value based assessment of the credit risk of the relevant counterparties (September 2011: $68 million; March 2011: $71 million).

[14] Impaired loans / facilities include restructured items of $340 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 2011: $700 million; March 2011: $704 million).

[15] Past due loans ≥ 90 days includes $1,736 million well secured loans (September 2011: $1,593 million; March 2011: $1,810 million).

Industry Sector	Sep 11 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	-	1,122	174	288	71	17
Business Services	-	311	29	102	34	18
Construction	-	103	42	49	27	30
Electricity, Gas & Water Supply	-	83	1	2	(24)	-
Entertainment, Leisure & Tourism	-	198	29	37	(9)	6
Financial, Investment & Insurance	-	229	10	40	(17)	14
Government & Official Institutions	-	-	-	-	-	-
Manufacturing	-	768	30	132	1	63
Personal	-	1,012	1,296	525	303	397
Property Services	35	1,031	113	232	124	116
Retail Trade	-	113	44	63	13	16
Transport & Storage	2	88	14	35	11	12
Wholesale Trade	-	300	23	150	71	13
Other	1	185	29	42	15	16
Total	**38**	**5,543**	**1,834**	**1,697**	**620**	**718**

Industry Sector	Mar 11 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	-	1,361	217	245	83	17
Business Services	-	203	36	87	21	25
Construction	-	128	41	50	12	8
Electricity, Gas & Water Supply	3	158	1	15	0	(1)
Entertainment, Leisure & Tourism	-	153	23	46	4	5
Financial, Investment & Insurance	-	303	6	60	33	64
Government & Official Institutions	-	-	-	-	-	-
Manufacturing	2	894	27	186	9	24
Personal	-	990	1,384	541	261	345
Property Services	31	1,223	96	233	148	161
Retail Trade	-	114	40	64	16	29
Transport & Storage	2	102	40	37	3	6
Wholesale Trade	-	332	21	95	3	5
Other	3	219	23	58	17	15
Total	**41**	**6,180**	**1,955**	**1,717**	**610**	**703**

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

	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	2,360	331	729	236	178
Sovereign	-	-	-	-	-	-
Bank	-	78	-	50	-	-
Residential Mortgage	-	560	1,041	185	44	46
Qualifying Revolving Retail	-	-	93	-	121	146
Other Retail	-	385	202	216	117	148
Total Advanced IRB approach	**66**	**3,383**	**1,667**	**1,180**	**518**	**518**
Specialised Lending	**85**	**1,475**	**136**	**299**	**168**	**86**
Portfolios subject to Standardised approach						
Corporate	-	123	23	66	(1)	5
Residential Mortgage	-	23	5	16	5	1
Qualifying Revolving Retail	-	77	22	75	25	37
Other Retail	-	111	23	78	(25)	15
Total Standardised approach	**-**	**334**	**73**	**235**	**4**	**58**
Total	**151**	**5,192**	**1,876**	**1,714**	**690**	**662**

	Sep 11					
	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	25	2,767	206	611	150	151
Sovereign	-	-	-	-	-	-
Bank	-	83	-	53	32	-
Residential Mortgage	-	599	1,150	189	41	44
Qualifying Revolving Retail	-	-	86	-	130	154
Other Retail	-	341	153	210	150	173
Total Advanced IRB approach	**25**	**3,790**	**1,595**	**1,063**	**503**	**522**
Specialised Lending	**13**	**1,106**	**75**	**225**	**85**	**114**
Portfolios subject to Standardised approach						
Corporate	-	397	120	188	6	15
Residential Mortgage	-	20	4	15	8	8
Qualifying Revolving Retail	-	91	27	91	26	42
Other Retail	-	139	13	115	(8)	17
Total Standardised approach	**-**	**647**	**164**	**409**	**32**	**82**
Total	**38**	**5,543**	**1,834**	**1,697**	**620**	**718**

	Mar 11					
	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	22	3,123	186	617	191	263
Sovereign	-	-	-	-	-	-
Bank	-	81	-	17	(8)	-
Residential Mortgage	-	555	1,211	182	23	40
Qualifying Revolving Retail	-	-	93	-	115	135
Other Retail	-	352	160	222	133	142
Total Advanced IRB approach	**22**	**4,111**	**1,650**	**1,038**	**454**	**580**
Specialised Lending	**19**	**1,404**	**60**	**252**	**107**	**56**
Portfolios subject to Standardised approach						
Corporate	-	396	195	189	25	2
Residential Mortgage	-	26	6	6	3	-
Qualifying Revolving Retail	-	91	27	96	29	48
Other Retail	-	152	17	136	(8)	17
Total Standardised approach	**-**	**665**	**245**	**427**	**49**	**67**
Total	**41**	**6,180**	**1,955**	**1,717**	**610**	**703**

Table 4(g): Impaired assets [16][17], Past due loans [18] and Provisions by Geography

Geographic region	Mar 12 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**

Geographic region	Sep 11 Impaired derivatives $M	Impaired loans/ facilities $M	Past due loans ≥90 days $M	Individual provision balance $M	Collective provision balance $M
Australia	35	3,457	1,523	908	2,147
New Zealand	-	1,421	242	402	528
Asia Pacific, Europe and America	3	665	69	387	501
Total	**38**	**5,543**	**1,834**	**1,697**	**3,176**

Geographic region	Mar 11 Impaired derivatives $M	Impaired loans/ facilities $M	Past due loans ≥90 days $M	Individual provision balance $M	Collective provision balance $M
Australia	37	3,899	1,611	938	2,144
New Zealand	2	1,634	246	406	544
Asia Pacific, Europe and America	2	647	98	373	489
Total	**41**	**6,180**	**1,955**	**1,717**	**3,177**

[16] Impaired derivatives include a credit valuation adjustment (CVA) of $74 million, being a market value based assessment of the credit risk of the relevant counterparties (September 2011: $68 million; March 2011: $71 million).

[17] Impaired loans / facilities include restructured items of $340 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 2011: $700 million; March 2011: $704 million).

[18] Past due loans ≥ 90 days includes $1,736 million well secured loans (September 2011: $1,593 million; March 2011: $1,810 million).

Table 4(h): Provision for Credit Impairment

Collective Provision	Half year Mar 12 $M	Half year Sep 11 $M	Half year Mar 11 $M
Balance at start of period	3,176	3,177	3,153
Charge to income statement	(152)	(58)	65
Adjustments for exchange rate fluctuations	(30)	57	(41)
Total Collective Provision	**2,994**	**3,176**	**3,177**
Individual Provision			
Balance at start of period	1,697	1,717	1,875
New and increased provisions	1,023	1,051	982
Write-backs	(251)	(322)	(291)
Adjustment for exchange rate fluctuations	(29)	51	(43)
Discount unwind	(64)	(82)	(103)
Bad debts written off	(662)	(718)	(703)
Total Individual Provision	**1,714**	**1,697**	**1,717**
Total Provisions for Credit Impairment	**4,708**	**4,873**	**4,894**

Specific Provision Balance and General Reserve for Credit Losses [19]

	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**

	Sep 11		
	Specific Provision Balance $M	General Reserve for Credit Losses $M	Total $M
Collective Provision	375	2,801	3,176
Individual Provision	1,697	-	1,697
Total Provision for Credit Impairment			**4,873**

	Mar 11		
	Specific Provision Balance $M	General Reserve for Credit Losses $M	Total $M
Collective Provision	271	2,906	3,177
Individual Provision	1,717	-	1,717
Total Provision for Credit Impairment			**4,894**

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

Table 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

Risk weight

Standardised approach exposures	Mar 12 $M	Sep 11 $M	Mar 11 $M
0%	-	-	-
20%	111	4	2
35%	2,407	1,939	1,148
50%	268	61	-
75%	1	68	-
100%	26,229	26,439	24,368
150%	1,464	84	156
>150%	-	-	-
Capital deductions	-	-	-
Total	**30,480**	**28,594**	**25,674**

Other Asset exposures			
0%	-	-	-
20%	1,150	1,431	1,746
35%	-	-	-
50%	-	-	-
75%	-	-	-
100%	3,623	3,237	3,520
150%	-	-	-
>150%	-	-	-
Capital deductions	-	-	-
Total	**4,773**	**4,668**	**5,266**

Specialised Lending exposures			
0%	1,528	1,508	1,500
70%	10,439	10,221	9,218
90%	14,001	13,211	12,279
115%	4,088	4,623	4,615
250%	1,318	1,358	1,595
Total	**31,374**	**30,921**	**29,207**

Equity exposures			
300%	21	1	2
400%	293	349	407
Total	**314**	**350**	**409**

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 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 [20] 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 [21] Project finance Object finance	AIRB – Supervisory Slotting [22]
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.

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

[21] 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.

[22] 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 [23 24 25]

	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	7,008	39,391	59,626	60,041	4,019	2,396	2,990	**175,471**
Sovereign	50,310	1,625	213	3,896	59	3	-	**56,106**
Bank	32,066	3,592	4,186	1,314	6	1	78	**41,243**
Total	**89,384**	**44,608**	**64,025**	**65,251**	**4,084**	**2,400**	**3,068**	**272,820**
% of Total	32.8%	16.3%	23.5%	23.9%	1.5%	0.9%	1.1%	100.0%
Undrawn commitments (included in above)								
Corporate	3,462	17,795	18,086	10,958	249	298	103	**50,951**
Sovereign	640	280	31	95	-	-	-	**1,046**
Bank	575	41	14	9	1	-	-	**640**
Total	**4,677**	**18,116**	**18,131**	**11,062**	**250**	**298**	**103**	**52,637**
Average Exposure at Default								
Corporate	0.134	2.495	0.918	0.309	0.540	0.360	0.802	**1.201**
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	1.589	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%	64.3%	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%	310.8%	161.5%	**24.7%**

[23] 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).

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

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

Sep 11	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	7,201	40,330	56,956	58,128	5,276	1,897	3,457	**173,245**
Sovereign	46,017	2,772	40	3,343	366	-	2	**52,540**
Bank	33,733	2,988	4,267	1,171	2	80	67	**42,308**
Total	**86,951**	**46,090**	**61,263**	**62,642**	**5,644**	**1,977**	**3,526**	**268,093**
% of Total	32.4%	17.2%	22.9%	23.4%	2.1%	0.7%	1.3%	100.0%
Undrawn commitments (included in above)								
Corporate	2,296	19,103	17,295	10,118	490	196	125	**49,623**
Sovereign	962	208	7	38	2	-	-	**1,217**
Bank	217	66	80	13	-	1	-	**377**
Total	**3,475**	**19,377**	**17,382**	**10,169**	**492**	**197**	**125**	**51,217**
Average Exposure at Default								
Corporate	0.527	1.017	0.378	0.218	0.460	0.244	0.797	**0.275**
Sovereign	13.725	6.688	0.728	6.182	16.718	-	0.149	**7.610**
Bank	0.665	0.857	2.367	1.472	0.051	14.973	1.868	**0.615**
Exposure-weighted average Loss Given Default (%)								
Corporate	56.9%	60.9%	48.4%	35.8%	40.7%	46.0%	33.6%	**46.9%**
Sovereign	2.7%	5.3%	27.6%	55.3%	40.7%	-	54.8%	**6.4%**
Bank	62.4%	64.2%	65.2%	65.3%	35.0%	69.9%	64.2%	**62.9%**
Exposure-weighted average risk weight (%)								
Corporate	15.8%	37.9%	54.7%	70.4%	130.0%	215.7%	193.5%	**61.3%**
Sovereign	0.4%	1.9%	35.3%	109.1%	124.5%	-	724.5%	**8.3%**
Bank	14.1%	19.3%	59.0%	105.8%	115.0%	326.6%	160.5%	**22.4%**

Mar 11	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	6,079	36,019	48,978	55,696	5,883	2,551	3,706	**158,912**
Sovereign	32,441	1,796	67	2,443	228	-	2	**36,977**
Bank	28,537	3,450	2,230	637	3	3	114	**34,974**
Total	**67,057**	**41,265**	**51,275**	**58,776**	**6,114**	**2,554**	**3,822**	**230,863**
% of Total	29.0%	17.9%	22.2%	25.5%	2.6%	1.1%	1.7%	100.0%
Undrawn commitments (included in above)								
Corporate	1,949	15,253	15,180	9,493	481	326	113	**42,795**
Sovereign	913	117	20	40	4	-	-	**1,094**
Bank	190	16	60	11	-	-	-	**277**
Total	**3,052**	**15,386**	**15,260**	**9,544**	**485**	**326**	**113**	**44,166**
Average Exposure at Default								
Corporate	0.643	1.012	0.361	0.199	0.404	0.332	0.800	**0.241**
Sovereign	9.492	5.183	0.594	4.271	15.475	-	0.145	**4.902**
Bank	0.615	0.957	1.824	0.601	0.045	0.114	3.093	**0.578**
Exposure-weighted average Loss Given Default (%)								
Corporate	57.3%	60.1%	46.6%	35.8%	40.8%	46.2%	36.3%	**45.8%**
Sovereign	2.5%	4.3%	30.9%	53.7%	40.8%	-	59.0%	**6.2%**
Bank	62.2%	61.3%	63.6%	63.9%	34.1%	66.7%	64.8%	**62.2%**
Exposure-weighted average risk weight (%)								
Corporate	16.5%	36.0%	51.5%	70.6%	128.7%	215.2%	183.6%	**61.9%**
Sovereign	0.4%	1.4%	49.5%	111.1%	131.7%	-	781.8%	**8.7%**
Bank	14.3%	19.2%	58.9%	111.2%	123.1%	311.8%	156.0%	**19.9%**

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

	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	17,527	5,713	964	862	**30,485**
Total	**13,505**	**159,913**	**22,094**	**77,723**	**14,353**	**5,674**	**2,802**	**296,064**
% 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%**

	Sep 11							
	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	4,685	152,771	19,362	44,367	7,035	4,765	1,897	**234,882**
Qualifying Revolving Retail	10,800	319	1,884	4,956	2,069	1,035	156	**21,219**
Other Retail	38	3,669	1,452	17,359	5,429	890	726	**29,563**
Total	**15,523**	**156,759**	**22,698**	**66,682**	**14,533**	**6,690**	**2,779**	**285,664**
% of Total	5.4%	54.9%	7.9%	23.3%	5.1%	2.3%	1.0%	100.0%
Undrawn commitments (included in above)								
Residential Mortgage	576	18,062	1,286	3,296	291	279	4	**23,794**
Qualifying Revolving Retail	8,374	318	1,208	2,120	576	114	17	**12,727**
Other Retail	35	2,593	905	2,670	275	67	4	**6,548**
Total	**8,985**	**20,973**	**3,398**	**8,086**	**1,141**	**461**	**25**	**43,069**
Average Exposure at Default								
Residential Mortgage	0.102	0.223	0.182	0.180	0.187	0.175	0.256	**0.193**
Qualifying Revolving Retail	0.011	0.006	0.010	0.009	0.008	0.008	0.008	**0.010**
Other Retail	0.006	0.010	0.012	0.014	0.009	0.007	0.034	**0.012**
Exposure-weighted average Loss Given Default (%)								
Residential Mortgage	22.9%	20.2%	21.4%	20.7%	20.4%	20.6%	21.3%	**20.4%**
Qualifying Revolving Retail	73.2%	73.2%	73.2%	73.2%	73.2%	73.2%	73.2%	**73.2%**
Other Retail	72.1%	61.4%	56.0%	44.5%	51.6%	65.2%	57.8%	**49.4%**
Exposure-weighted average risk weight (%)								
Residential Mortgage	5.1%	6.9%	14.6%	27.8%	74.6%	113.2%	238.9%	**17.5%**
Qualifying Revolving Retail	4.7%	11.1%	13.8%	38.5%	104.8%	205.4%	294.2%	**35.2%**
Other Retail	18.1%	29.0%	38.3%	58.1%	81.3%	158.4%	236.5%	**65.1%**

	Mar 11							
	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	4,200	149,533	17,368	42,250	6,851	4,566	1,891	**226,659**
Qualifying Revolving Retail	10,723	300	1,865	4,769	2,131	1,071	161	**21,020**
Other Retail	39	3,502	1,407	16,667	5,255	951	717	**28,538**
Total	**14,962**	**153,335**	**20,640**	**63,686**	**14,237**	**6,588**	**2,769**	**276,217**
% of Total	5.4%	55.5%	7.5%	23.1%	5.2%	2.4%	1.0%	100.0%
Undrawn commitments (included in above)								
Residential Mortgage	535	17,307	1,773	2,715	271	234	9	**22,844**
Qualifying Revolving Retail	8,327	299	1,195	2,086	597	120	15	**12,639**
Other Retail	35	2,449	871	2,306	254	67	3	**5,985**
Total	**8,897**	**20,055**	**3,839**	**7,107**	**1,122**	**421**	**27**	**41,468**
Average Exposure at Default								
Residential Mortgage	0.095	0.210	0.155	0.182	0.184	0.170	0.240	**0.186**
Qualifying Revolving Retail	0.011	0.006	0.010	0.009	0.008	0.007	0.008	**0.010**
Other Retail	0.007	0.010	0.012	0.014	0.009	0.007	0.030	**0.012**
Exposure-weighted average Loss Given Default (%)								
Residential Mortgage	22.7%	20.2%	20.4%	20.8%	20.3%	20.6%	21.3%	**20.4%**
Qualifying Revolving Retail	73.2%	73.2%	73.2%	73.2%	73.2%	73.2%	73.2%	**73.2%**
Other Retail	72.0%	60.3%	55.5%	44.0%	51.6%	65.3%	58.0%	**49.1%**
Exposure-weighted average risk weight (%)								
Residential Mortgage	4.9%	7.0%	15.0%	28.7%	74.1%	112.7%	240.8%	**17.7%**
Qualifying Revolving Retail	4.7%	11.0%	13.6%	37.8%	105.8%	205.3%	317.7%	**35.9%**
Other Retail	17.6%	28.0%	37.7%	57.3%	81.2%	157.8%	229.0%	**64.8%**

Table 6(e): Actual Losses by portfolio type

Basel Asset Class	Half year Mar 12 Individual provision charge $M	 Write-offs $M
Corporate	236	178
Sovereign	-	-
Bank	-	-
Residential Mortgage	44	46
Qualifying Revolving Retail	121	146
Other Retail	117	148
Total Advanced IRB	**518**	**518**
Specialised Lending	168	86
Standardised approach	4	58
Total	**690**	**662**

Basel Asset Class	Half year Sep 11 Individual provision charge $M	 Write-offs $M
Corporate	150	151
Sovereign	-	-
Bank	32	-
Residential Mortgage	41	44
Qualifying Revolving Retail	130	154
Other Retail	150	173
Total Advanced IRB	**503**	**522**
Specialised Lending	85	114
Standardised approach	32	82
Total	**620**	**718**

Basel Asset Class	Half year Mar 11 Individual provision charge $M	 Write-offs $M
Corporate	191	263
Sovereign	-	-
Bank	(8)	-
Residential Mortgage	23	40
Qualifying Revolving Retail	115	135
Other Retail	133	142
Total Advanced IRB	**454**	**580**
Specialised Lending	107	56
Standardised approach	49	67
Total	**610**	**703**

Table 6(f): Analysis of expected versus actual losses by portfolio type [26]

	Mar 11 One year regulatory expected loss estimate $M	Mar 12 Actual losses for 12 months (Write-offs) $M
Corporate	1,236	329
Sovereign	22	-
Bank	16	-
Residential Mortgage	588	90
Qualifying Revolving Retail	435	300
Other Retail	864	321
Specialised Lending	1,142	200
Total Advanced IRB and Specialised Lending	**4,303**	**1,240**

	Sep 10 One year regulatory expected loss estimate $M	Sep 11 Actual losses for 12 months (Write-offs) $M
Corporate	1,453	414
Sovereign	21	-
Bank	22	-
Residential Mortgage	593	84
Qualifying Revolving Retail	404	289
Other Retail	805	315
Specialised Lending	1,257	170
Total Advanced IRB and Specialised Lending	**4,555**	**1,272**

	Mar 10 One year regulatory expected loss estimate $M	Mar 11 Actual losses for 12 months (Write-offs) $M
Corporate	1,522	460
Sovereign	20	-
Bank	22	-
Residential Mortgage	587	105
Qualifying Revolving Retail	420	269
Other Retail	815	298
Specialised Lending	1,301	200
Total Advanced IRB and Specialised Lending	**4,687**	**1,332**

The Regulatory EL shown above represents estimated credit loss from defaults over a one-year horizon (computed as the product of PD, EAD and LGD) plus the Individual Provision balance. The actual loss measures are write-offs for the following year. While these metrics provide some insight into the predictive power of ANZ's estimations, any comparison has limitations due to definitional differences - eg:

- The parameters PD, EAD and LGD underlying the Regulatory EL calculation represent through-the-cycle estimates based on APRA requirements which include the use of a LGD floor of 20% for Mortgages, and Supervisory Slotting approach for project finance, object finance and non-diversified real estate. Regulatory EL also includes the Individual Provision balance on defaulted exposures.
- Regulatory EL 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.
- There is typically a time lag between default and write-offs representing the workout period where recovery options are identified and pursued.

[26] Table 6(f) relates only to Advanced IRB and Specialised Lending and not Standardised, Equities, Securitisation or Other Assets.

Table 7 Credit risk mitigation disclosures [27]

Table 7(b): Credit risk mitigation on Standardised approach portfolios – collateral [28]

	Mar 12				
	Exposure $M	Eligible Financial Collateral $M	Other Eligible Collateral $M	Total Exposure post Credit Risk Mitigation $M	% Coverage
Standardised approach					
Corporate	25,126	813	-	24,313	3.2%
Residential Mortgage	3,152	12	-	3,140	0.4%
Qualifying Revolving Retail	1,924	-	-	1,924	0.0%
Other Retail	1,103	-	-	1,103	0.0%
Total	**31,305**	**825**	**-**	**30,480**	**2.6%**

	Sep 11				
	Exposure $M	Eligible Financial Collateral $M	Other Eligible Collateral $M	Total Exposure post Credit Risk Mitigation $M	% Coverage
Standardised approach					
Corporate	23,666	822	-	22,844	3.5%
Residential Mortgage	2,798	44	-	2,754	1.6%
Qualifying Revolving Retail	2,101	-	-	2,101	0.0%
Other Retail	896	1	-	895	0.1%
Total	**29,461**	**867**	**-**	**28,594**	**2.9%**

	Mar 11				
	Exposure $M	Eligible Financial Collateral $M	Other Eligible Collateral $M	Total Exposure post Credit Risk Mitigation $M	% Coverage
Standardised approach					
Corporate	21,871	722	-	21,149	3.3%
Residential Mortgage	2,000	55	-	1,945	2.8%
Qualifying Revolving Retail	2,003	-	-	2,003	0.0%
Other Retail	577	-	-	577	0.0%
Total	**26,451**	**777**	**-**	**25,674**	**2.9%**

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

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

Table 7(c): Credit risk mitigation – guarantees and credit derivatives [29]

Mar 12	Exposure $M	Exposures covered by Guarantees $M	Exposures covered by Credit Derivatives $M	Total Exposure post Credit Risk Mitigation $M	% Coverage
Advanced IRB					
Corporate (incl. Specialised Lending)	216,383	13,831	206	206,845	6.5%
Sovereign	41,366	213	-	56,106	0.5%
Bank	46,652	5,768	2	41,243	12.4%
Residential Mortgage	244,192	-	-	244,192	0.0%
Qualifying Revolving Retail	21,387	-	-	21,387	0.0%
Other Retail	30,485	-	-	30,485	0.0%
Total	**600,465**	**19,812**	**208**	**600,258**	**3.3%**
Standardised approach					
Corporate	24,313	-	-	24,313	0.0%
Residential Mortgage	3,140	-	-	3,140	0.0%
Qualifying Revolving Retail	1,924	-	-	1,924	0.0%
Other Retail	1,103	-	-	1,103	0.0%
Total	**30,480**	**-**	**-**	**30,480**	**0.0%**

Sep 11	Exposure $M	Exposures covered by Guarantees $M	Exposures covered by Credit Derivatives $M	Total Exposure post Credit Risk Mitigation $M	% Coverage
Advanced IRB					
Corporate (incl. Specialised Lending)	206,904	14,844	126	204,166	7.2%
Sovereign	45,967	108	-	52,540	0.2%
Bank	46,269	4,336	-	42,308	9.4%
Residential Mortgage	234,882	-	-	234,882	0.0%
Qualifying Revolving Retail	21,219	-	-	21,219	0.0%
Other Retail	29,563	-	-	29,563	0.0%
Total	**584,804**	**19,288**	**126**	**584,678**	**3.3%**
Standardised approach					
Corporate	22,844	-	-	22,844	0.0%
Residential Mortgage	2,754	-	-	2,754	0.0%
Qualifying Revolving Retail	2,101	-	-	2,101	0.0%
Other Retail	895	-	-	895	0.0%
Total	**28,594**	**-**	**-**	**28,594**	**0.0%**

[29] Table 7(c) shows the exposure amount by asset class gross and net of the impact of guarantees and credit derivatives.

	Mar 11				
	Exposure $M	Exposures covered by Guarantees $M	Exposures covered by Credit Derivatives $M	Total Exposure post Credit Risk Mitigation $M	% Coverage
Advanced IRB					
Corporate (incl. Specialised Lending)	190,749	13,634	140	188,119	7.2%
Sovereign	30,376	74	-	36,977	0.2%
Bank	39,084	4,352	-	34,974	11.1%
Residential Mortgage	226,660	-	-	226,659	0.0%
Qualifying Revolving Retail	21,020	-	-	21,020	0.0%
Other Retail	28,538	-	-	28,538	0.0%
Total	**536,427**	**18,060**	**140**	**536,287**	**3.4%**
Standardised approach					
Corporate	21,149	-	-	21,149	0.0%
Residential Mortgage	1,945	-	-	1,945	0.0%
Qualifying Revolving Retail	2,003	-	-	2,003	0.0%
Other Retail	577	-	-	577	0.0%
Total	**25,674**	**-**	**-**	**25,674**	**0.0%**

Chapter 5 – Securitisation

Banking Book

Table 9(g): Traditional and synthetic securitisation exposures

	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**	**-**

Sep 11

Traditional securitisations

Underlying asset	ANZ Originated $M	ANZ Self Securitised $M	ANZ Sponsored $M
Residential mortgage	162	36,257	479
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**162**	**36,257**	**479**

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	162	36,257	479
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**162**	**36,257**	**479**

Mar 11

Traditional securitisations

Underlying asset	ANZ Originated $M	ANZ Self Securitised $M	ANZ Sponsored $M
Residential mortgage	184	32,963	356
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	101
Total	**184**	**32,963**	**457**

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	184	32,963	356
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	101
Total	**184**	**32,963**	**457**

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

	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**	**-**

	Sep 11				
Underlying asset	ANZ Originated $M	ANZ Self Securitised $M	Impaired $M	Past due $M	Losses recognised for the six month ended $M
Residential mortgage	162	36,257	-	110	-
Credit cards and other personal loans	-	-	-	-	-
Auto and equipment finance	-	-	-	-	-
Commercial loans	-	-	-	-	-
Other	-	-	-	-	-
Total	**162**	**36,257**	**-**	**110**	**-**

	Mar 11				
Underlying asset	ANZ Originated $M	ANZ Self Securitised $M	Impaired $M	Past due $M	Losses recognised for the six month ended $M
Residential mortgage	184	32,963	-	111	-
Credit cards and other personal loans	-	-	-	-	-
Auto and equipment finance	-	-	-	-	-
Commercial loans	-	-	-	-	-
Other	-	-	-	-	-
Total	**184**	**32,963**	**-**	**111**	**-**

Table 9(i): 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): Securitisation - Summary of current year's activity by underlying asset type and facility

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**

Sep 11	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	-	6,254	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	**-**	**6,254**	**-**	**-**

Securitisation activity by facility provided				Notional amount $M
Liquidity facilities	-	-	-	-
Funding facilities	-	-	-	98
Underwriting facilities	-	-	-	-
Lending facilities	-	-	-	-
Credit enhancements	-	-	-	-
Holdings of securities (excluding trading book)	-	-	-	625
Other	-	-	-	-
Total	**-**	**-**	**-**	**723**

Mar 11

Securitisation activity by underlying asset type	Original value securitised ANZ Originated $M	ANZ Self Securitised $M	ANZ Sponsored $M	Recognised gain or loss on sale $M
Residential mortgage	-	1,440	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	**-**	**1,440**	**-**	**-**

Securitisation activity by facility provided				Notional amount $M
Liquidity facilities	-	-	-	-
Funding facilities	-	-	-	235
Underwriting facilities	-	-	-	-
Lending facilities	-	-	-	-
Credit enhancements	-	-	-	-
Holdings of securities (excluding trading book)	-	-	-	157
Other	-	-	-	-
Total	**-**	**-**	**-**	**392**

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

Securitisation exposure type - On balance sheet	Mar 12 $M	Sep 11 $M	Mar 11 $M
Liquidity facilities	1,333	787	1,023
Funding facilities	3,202	2,684	2,486
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities (excluding trading book)	2,689	1,213	453
Protection provided	-		-
Other	-	-	-
Total	**7,224**	**4,684**	**3,962**

Securitisation exposure type - Off balance sheet	Mar 12 $M	Sep 11 $M	Mar 11 $M
Liquidity facilities	704	961	979
Funding facilities	-	-	-
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities (excluding trading book)	-	-	-
Protection provided	-	-	
Other	25	25	26
Total	**729**	**986**	**1,005**

Total Securitisation exposure type	Mar 12 $M	Sep 11 $M	Mar 11 $M
Liquidity facilities	2,037	1,748	2,002
Funding facilities	3,202	2,684	2,486
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities (excluding trading book)	2,689	1,213	453
Protection provided	-	-	-
Other	25	25	26
Total	**7,953**	**5,670**	**4,967**

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

Securitisation risk weights	Mar 12 Regulatory credit exposure $M	Mar 12 Risk weighted assets $M	Sep 11 Regulatory credit exposure $M	Sep 11 Risk weighted assets $M	Mar 11 Regulatory credit exposure $M	Mar 11 Risk weighted assets $M
≤ 25%	7,048	742	4,588	494	3,758	458
>25 ≤ 35%	-	-	-	-	-	-
>35 ≤ 50%	-	-	-	-	-	-
>50 ≤ 75%	220	121	162	83	185	98
>75 ≤ 100%	199	199	389	389	499	499
>100 ≤ 650%	45	68	51	89	49	74
1250% (Deduction)	170	-	190	-	193	-
Total	**7,682**	**1,130**	**5,380**	**1,055**	**4,684**	**1,129**

Resecuritisation risk weights	Mar 12 Regulatory credit exposure $M	Mar 12 Risk weighted assets $M	Sep 11 Regulatory credit exposure $M	Sep 11 Risk weighted assets $M	Mar 11 Regulatory credit exposure $M	Mar 11 Risk weighted assets $M
≤ 25%	153	31	164	33	155	31
>25 ≤ 35%	81	28	87	30	90	32
>35 ≤ 50%	-	-	-	-	-	-
>50 ≤ 75%	-	-	-	-	-	-
>75 ≤ 100%	37	37	39	39	38	38
>100 ≤ 650%	-	-	-	-	-	-
1250% (Deduction)	-	-	-	-	-	-
Total	**271**	**96**	**290**	**102**	**283**	**101**

Total Securitisation risk weights	Mar 12 Regulatory credit exposure $M	Mar 12 Risk weighted assets $M	Sep 11 Regulatory credit exposure $M	Sep 11 Risk weighted assets $M	Mar 11 Regulatory credit exposure $M	Mar 11 Risk weighted assets $M
≤ 25%	7,201	773	4,752	527	3,913	489
>25 ≤ 35%	81	28	87	30	90	32
>35 ≤ 50%	-	-	-	-	-	-
>50 ≤ 75%	220	121	162	83	185	98
>75 ≤ 100%	236	236	428	428	537	537
>100 ≤ 650%	45	68	51	89	49	74
1250% (Deduction)	170	-	190	-	193	-
Total	**7,953**	**1,226**	**5,670**	**1,157**	**4,967**	**1,230**

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

	Mar 12		
Securitisation exposures deducted from Capital	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**

	Sep 11		
Securitisation exposures deducted from Capital	Deductions from Tier I Capital $M	Deductions from Tier II Capital $M	Deductions from Total Capital $M
Residential mortgage	95	95	190
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**95**	**95**	**190**

	Mar 11		
Securitisation exposures deducted from Capital	Deductions from Tier I Capital $M	Deductions from Tier II Capital $M	Deductions from Total Capital $M
Residential mortgage	96	96	192
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**96**	**96**	**192**

Table 9(m): Securitisations subject to early amortisation treatment

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

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

	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	**-**

	Sep 11		
Resecuritisation exposures retained or purchased	Exposures subject to CRM $M	Exposures not subject to CRM $M	Total $M
Residential mortgage	-	95	**95**
Credit cards and other personal loans	-	156	**156**
Auto and equipment finance	-	39	**39**
Commercial loans	-	-	**-**
Other	-	-	**-**
Total	**-**	**290**	**290**

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 11		
Resecuritisation exposures retained or purchased	Exposures subject to CRM $M	Exposures not subject to CRM $M	Total $M
Residential mortgage	-	99	**99**
Credit cards and other personal loans	-	147	**147**
Auto and equipment finance	-	38	**38**
Commercial loans	-	-	**-**
Other	-	-	**-**
Total	**-**	**284**	**284**

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): Traditional and synthetic securitisation exposures

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

Table 9(p): 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): 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): Traditional and synthetic securitisation exposures

	Mar 12	
Traditional securitisations		
Underlying asset	Exposures securitised subject to Standardised Method $M	Exposures securitised subject to Internal Models Approach $M
Residential mortgage	-	37
Credit cards and other personal loans	-	-
Auto and equipment finance	-	-
Commercial loans	-	-
Other	-	-
Total	**-**	**37**

Synthetic securitisations		
Underlying asset	Exposures securitised subject to Standardised Method $M	Exposures securitised subject to Internal Models Approach $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	Exposures securitised subject to Standardised Method $M	Exposures securitised subject to Internal Models Approach $M
Residential mortgage	-	37
Credit cards and other personal loans	-	-
Auto and equipment finance	-	-
Commercial loans	-	-
Other	-	-
Total	**-**	**37**

Sep 11

Traditional securitisations

Underlying asset	Exposures securitised subject to Standardised Method $M	Exposures securitised subject to Internal Models Approach $M
Residential mortgage	-	58
Credit cards and other personal loans	-	-
Auto and equipment finance	-	-
Commercial loans	-	-
Other	-	-
Total	**-**	**58**

Synthetic securitisations

Underlying asset	Exposures securitised subject to Standardised Method $M	Exposures securitised subject to Internal Models Approach $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	Exposures securitised subject to Standardised Method $M	Exposures securitised subject to Internal Models Approach $M
Residential mortgage	-	58
Credit cards and other personal loans	-	-
Auto and equipment finance	-	-
Commercial loans	-	-
Other	-	-
Total	**-**	**58**

Mar 11

Traditional securitisations

Underlying asset	Exposures securitised subject to Standardised Method $M	Exposures securitised subject to Internal Models Approach $M
Residential mortgage	-	51
Credit cards and other personal loans	-	-
Auto and equipment finance	-	-
Commercial loans	-	1
Other	-	-
Total	**-**	**52**

Synthetic securitisations

Underlying asset	Exposures securitised subject to Standardised Method $M	Exposures securitised subject to Internal Models Approach $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	Exposures securitised subject to Standardised Method $M	Exposures securitised subject to Internal Models Approach $M
Residential mortgage	-	51
Credit cards and other personal loans	-	-
Auto and equipment finance	-	-
Commercial loans	-	1
Other	-	-
Total	**-**	**52**

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

Securitisation exposure type - On balance sheet	Mar 12 $M	Sep 11 $M	Mar 11 $M
Liquidity facilities	-	-	-
Funding facilities	-	-	-
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities	37	58	52
Protection provided	-	-	-
Other	-	-	-
Total	**37**	**58**	**52**

Securitisation exposure type - Off balance sheet	Mar 12 $M	Sep 11 $M	Mar 11 $M
Liquidity facilities	-	-	-
Funding facilities	-	-	-
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities	-	-	-
Protection provided	-	-	-
Other	-	-	-
Total	**-**	**-**	**-**

Total Securitisation exposure type	Mar 12 $M	Sep 11 $M	Mar 11 $M
Liquidity facilities	-	-	-
Funding facilities	-	-	-
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities	37	58	52
Protection provided	-	-	-
Other	-	-	-
Total	**37**	**58**	**52**

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

ANZ does not have any Securitisation exposures deducted from Capital.

Table 9(v): Securitisations subject to early amortisation treatment

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

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

ANZ does not have any resecuritisation exposures retained or purchased.

Chapter 6 – Market risk

Table 10 Market risk – Standard approach

Table 10(b): Market risk – Standard approach [30]

	Mar 12 $M	Sep 11 $M	Mar 11 $M
Interest rate risk	114	141	111
Equity position risk	4	4	7
Foreign exchange risk	-	-	-
Commodity risk	2	15	6
Total	**120**	**160**	**124**
Risk Weighted Assets equivalent	**1,500**	**2,000**	**1,553**

[30] 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 [31 32]

Value at Risk (VaR)	Six months ended 31 Mar 12 Mean $M	Maximum $M	Minimum $M	Period end $M
Equities	1.3	2.9	0.9	1.2
Interest rate	4.6	6.0	3.5	5.2
Foreign exchange	4.5	6.9	2.8	3.5
Commodity	2.3	3.2	1.1	2.2
Credit	3.4	5.3	2.7	4.4

Value at Risk (VaR)	Six months ended 30 Sep 11 Mean $M	Maximum $M	Minimum $M	Period end $M
Equities	1.0	2.5	0.5	2.5
Interest rate	8.1	16.1	4.2	4.7
Foreign exchange	3.4	7.9	1.6	6.0
Commodity	2.2	4.2	1.0	1.4
Credit	5.6	8.5	3.1	3.4

Value at Risk (VaR)	Six months ended 31 Mar 11 Mean $M	Maximum $M	Minimum $M	Period end $M
Equities	-	-	-	-
Interest rate	10.8	14.9	7.4	8.3
Foreign exchange	3.1	6.0	1.5	3.3
Commodity	2.5	4.0	1.6	3.3
Credit	5.2	7.9	2.4	7.1

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 backtesting 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.

The following table discloses the high, mean and low VaR values over the reporting period and at period end, and a comparison of VaR estimates with actual gains/losses over the reporting period.

[31] Regulatory VaR is calculated at 97.5% confidence level for a one-day holding period.

[32] The Foreign exchange VaR excludes foreign exchange translation exposures outside of the trading book. (Non trading translation risk includes translation of the net mark-to-market of the structured credit business).

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 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**

Equity investments		Sep 11 $M
	Balance sheet value	Fair value
Value of listed (publicly traded) equities	1,985	2,179
Value of unlisted (privately held) equities	1,976	2,011
Total	**3,961**	**4,190**

Equity investments		Mar 11 $M
	Balance sheet value	Fair value
Value of listed (publicly traded) equities	1,861	2,818
Value of unlisted (privately held) equities	1,789	1,825
Total	**3,650**	**4,643**

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

Gains (losses) on equity investments	Half Year Mar 12 $M	Half Year Sep 11 $M	Half Year Mar 11 $M
Cumulative realised gains (losses) from disposals and liquidations in the reporting period	29	24	5
Cumulative realised losses from impairment and writedowns in the reporting period	(37)	(15)	(37)
Total unrealised gains (losses)	66	49	1
Total unrealised gains (losses) included in Gross Tier 1/Tier 2 capital	-	-	-

Table 13(f): Equities Risk Weighted Assets

Risk Weighted Assets	Mar 12 $M	Sep 11 $M	Mar 11 $M
Equity investments subject to a 300% risk weight	62	3	6
Equity investments subject to a 400% risk weight	1,173	1,396	1,629
Total RWA - Equity	**1,235**	**1,399**	**1,635**

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 12** $M	**Sep 11** $M	**Mar 11** $M
AUD			
200 basis point parallel increase	154	53	28
200 basis point parallel decrease	(158)	(54)	(24)
NZD			
200 basis point parallel increase	51	22	(8)
200 basis point parallel decrease	(61)	(25)	5
USD			
200 basis point parallel increase	9	(30)	(54)
200 basis point parallel decrease	4	12	39
GBP			
200 basis point parallel increase	(10)	(6)	(3)
200 basis point parallel decrease	5	3	2
Other			
200 basis point parallel increase	19	20	21
200 basis point parallel decrease	(1)	1	(7)
IRRBB regulatory capital	**837**	**675**	**809**
IRRBB regulatory RWA	**10,465**	**8,439**	**10,112**

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

Fundamental Tier 1 capital		Mar 12 $M		Sep 11 $M		Mar 11 $M
Paid-up ordinary share capital		22,396		21,577		20,839
Reserves						
Foreign currency translation reserve	(2,830)		(2,418)		(3,299)	
Share and share option reserve	180		174		156	
Transactions with non-controlling interest reserve	(23)		(22)			
Total reserves		(2,673)		(2,266)		(3,143)
Prudential retained earnings						
Retained earnings including current year earnings	18,758		17,787		16,766	
Accumulated retained profits and reserves of insurance, funds management and securitisation entities and associates	(1,438)		(1,679)		(1,269)	
Dividend not provided for	(1,769)		(1,999)		(1,662)	
Deferred fee revenue including fees deferred as part of loan yields	425		414		398	
Accrual for Dividend Reinvestment Plans	531		600		499	
Total prudential retained earnings		16,507		15,123		14,732
Non-controlling interests		43		41		64
Total		**36,273**		**34,475**		**32,492**

Deductions from Tier 1 capital		Mar 12 $M		Sep 11 $M		Mar 11 $M
Goodwill		(2,966)		(2,968)		(2,795)
Other deductions from Tier 1 capital						
Intangible component of investment in OnePath Australia and New Zealand (excluding prudential goodwill)	(2,071)		(2,071)		(2,059)	
Capitalised software and other intangible assets	(1,711)		(1,549)		(1,323)	
Capitalised expenses including loan and lease origination fees, capitalised securitisation establishment costs and costs associated with debt raisings	(761)		(688)		(666)	
Applicable deferred tax assets (excluding the component relating to the general reserve for impairment of financial assets)	(92)		(136)		(154)	
Mark-to-market impact of own credit spread	(40)		(128)		(18)	
Total other deductions from Tier 1 capital		(4,675)		(4,572)		(4,220)
50/50 deductions from Tier 1 capital						
Investment in ANZ insurance subsidiaries	(300)		(200)		(200)	
Investment in funds management entities	(27)		(29)		(29)	
Investment in OnePath Australia and New Zealand	(922)		(906)		(901)	
Investment in other Authorised Deposit-taking Institutions and overseas equivalents	(1,118)		(1,151)		(1,162)	
Expected loss in excess of eligible provisions	(524)		(475)		(473)	
Other	(326)		(310)		(290)	
Total 50/50 deductions from Tier 1 capital		(3,217)		(3,071)		(3,055)
Total deductions from Tier 1 capital		**(10,858)**		**(10,611)**		**(10,070)**

Deductions from Tier 2 capital		Mar 12 $M		Sep 11 $M		Mar 11 $M
Upper and lower Tier 2 capital deductions		(28)		(28)		(28)
50/50 deductions from Tier 2 capital						
Investment in ANZ insurance subsidiaries	(300)		(200)		(200)	
Investment in funds management entities	(27)		(29)		(29)	
Investment in OnePath Australia and New Zealand	(922)		(906)		(901)	
Investment in other Authorised Deposit Taking Institutions and overseas equivalents	(1,118)		(1,151)		(1,162)	
Expected loss in excess of eligible provisions	(524)		(475)		(473)	
Other	(326)		(310)		(290)	
Total 50/50 deductions from Tier 2 capital		(3,217)		(3,071)		(3,055)
Total deductions from Tier 2 capital		**(3,245)**		**(3,099)**		**(3,083)**

Appendix 2 – ANZ Bank (Europe) Limited

ANZ Bank (Europe) Limited (ANZBEL) is a 100% owned and controlled subsidiary of ANZ, and is regulated by the Financial Services Authority (FSA). 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.

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