BASEL II PILLAR 3
APS 330: CAPITAL ADEQUACY & RISK MANAGEMENT IN ANZ

31 March 2009

www.anz.com

Important Notice

This document has been prepared by Australia & New Zealand Banking Group Ltd (ANZ, or the Group) to meet its disclosure obligations under the Australian Prudential Regulation Authority (APRA) APS 330 Capital Adequacy: Public Disclosure of Prudential Information.
This half yearly disclosure was prepared as at 31 March 2009. 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.

Table of contents[1]

[1] Each table number adopted in this document aligns to those required by APS 330 to be disclosed at Half Year.

Introduction

Purpose of this document

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

Top Corporate Entity

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

Table 1: Subsidiaries deducted from capital

The aggregate amount of any under capitalisation of a non-consolidated subsidiary (or subsidiaries) that is required to be deducted from capital is zero.

Table 2: Capital structure[2]

	Regulatory Capital			
	March 2009 $M		September 2008 $M	
Fundamental Tier 1 capital				
Paid-up ordinary share capital		14,103		12,566
Foreign currency translation reserve	(373)		(816)	
Share and share option reserve	105		107	
Reserves		(268)		(709)
Retained earnings including current year earnings	13,620		13,772	
less : Accumulated retained profits and reserves of insurance, funds management and securitisation entities and associates	(1,336)		(841)	
Dividend not provided for	(993)		(1,511)	
add : Deferred fee revenue including fees deferred as part of loan yields	403		351	
Accrual for Dividend Reinvestment Plans	298		453	
Prudential retained earnings		11,992		12,224
Minority interests		72		62
Fundamental Tier 1 capital		**25,899**		**24,143**
Innovative Tier 1 capital		3,076		2,847
Non-innovative Tier 1 capital		2,019		2,095
Gross Tier 1 capital		**30,994**		**29,085**
Deductions from Tier 1 capital				
Goodwill		(3,033)		(3,064)
Intangible component of investments in non-consolidated subsidiaries and other non-Level 2 entities		-		(1,773)
Other deductions from Tier 1 capital only		(2,414)		(1,813)
50/50 deductions from Tier 1 capital		(2,604)		(1,206)
Total Tier 1 capital deductions		**(8,051)**		**(7,856)**
NET TIER 1 CAPITAL		**22,943**		**21,229**
Tier 2 capital				
Upper Tier 2 capital		1,464		1,377
Lower Tier 2 capital		9,217		9,195
Gross Tier 2 capital		**10,681**		**10,572**
Deductions from Tier 2 capital				
Upper and lower Tier 2 capital deductions		(28)		(28)
50/50 deductions from Tier 2 capital		(2,604)		(1,206)
Total Tier 2 capital deductions		**(2,632)**		**(1,234)**
NET TIER 2 CAPITAL		**8,049**		**9,338**
TOTAL CAPITAL BASE		**30,992**		**30,567**

[2] Refer following page for breakdown of "Other deductions from Tier 1 capital only", "50/50 deductions from Tier 1 capital" and "Upper Tier 2 capital".

Table 2: Capital structure (continued)[3]

	March 2009 $M	September 2008 $M
Other Deductions from Tier 1 capital	**$m**	**$m**
Capitalised software and other intangible assets	(783)	(677)
Capitalised expenses including loan and lease origination fees, capitalised securitisation establishment costs and costs associated with debt raisings	(643)	(642)
Applicable deferred tax assets (excluding the component relating to the general reserve for impairment of financial assets)	(524)	(92)
Earnings not recognised for prudential purposes	-	(117)
Other	(464)	(285)
Total	**(2,414)**	**(1,813)**

Deductions taken 50% from Tier 1 and 50% from Tier 2	Gross	50%	Gross	50%
Investment in ANZ insurance subsidiaries	(281)	(141)	(131)	(65)
Investment in funds management entities	(66)	(33)	(68)	(34)
Investment in joint ventures with ING in Australia and New Zealand	(1,456)	(728)	(524)	(262)
Investment in other Authorised Deposit Taking Institutions and overseas equivalents	(1,851)	(925)	(1,219)	(610)
Investment in other commercial operations	(72)	(36)	(72)	(36)
Expected loss in excess of eligible provsions	(1,017)	(508)	(334)	(167)
Other	(465)	(233)	(64)	(32)
Total	**(5,208)**	**(2,604)**	**(2,412)**	**(1,206)**

Details of Upper Tier 2 Capital		
Eligible component of post acquisition earnings and reserves in associates and joint ventures	271	248
Perpetual subordinated notes	1,129	1,075
General reserve for impairment of financial assets net of attributable deferred tax asset	64	54
Total	**1,464**	**1,377**

[3] 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 adequacy[4] [5] [6]

	Risk Weighted Assets	
	March 2009 $M	September 2008 $M
Subject to Advanced IRB approach		
Corporate	136,559	127,365
Sovereign	1,402	2,079
Bank	10,374	12,624
Residential Mortgage	35,932	33,727
Qualifying revolving retail	8,900	8,703
Other retail	14,905	14,218
Credit risk weighted assets subject to Advanced IRB approach	**208,072**	**198,716**
Credit Risk Specialised Lending exposures subject to slotting criteria	**25,362**	**30,250**
Subject to Standardised approach		
Corporate	15,875	13,348
Sovereign	0	0
Bank	21	21
Residential Mortgage	467	344
Credit risk weighted assets subject to standardised approach	**16,363**	**13,713**
Credit risk weighted assets relating to securitisation exposures	3,364	4,271
Credit risk weighted assets relating to equity exposures	1,707	1,146
Other assets	2,902	2,654
Total credit risk weighted assets	**257,770**	**250,750**
Market risk weighted assets	5,632	2,609
Operational risk weighted assets	17,480	18,017
Interest rate risk in the banking book weighted assets	0	4,058
TOTAL RISK WEIGHTED ASSETS	**280,882**	**275,434**
Capital ratios (%)		
Level 2 Total capital ratio	**11.0%**	**11.1%**
Level 2 Tier 1 capital ratio	**8.2%**	**7.7%**
Level 1: Australia and New Zealand Banking Group Limited extended licensed entity Total capital ratio	**11.5%**	**11.6%**
Level 1: Australia and New Zealand Banking Group Limited extended licensed entity Tier 1 capital ratio	**9.0%**	**8.4%**
Other significant ADI or overseas bank subsidiary: ANZ National Bank Limited Group Total capital ratio	**12.3%**	**11.6%**
Other significant ADI or overseas bank subsidiary: ANZ National Bank Limited Group Tier 1 capital ratio	**8.7%**	**8.1%**

Total risk weighted assets increased by $5.4 billion (+2.0%) in the March 2009 half due mainly to exchange rate impacts, deterioration in credit quality and volume growth. These drivers were partially offset by capital optimisation arising from ongoing review of business practices and asset class treatments.

Corporate risk weighted assets increased due to portfolio deterioration and reclassification of certain exposures from slotting, notwithstanding a small decrease in the level of exposures.

Sovereign risk weighted assets declined (despite a large increase in the level of exposures) due to a significant shift in mix of exposures toward relatively higher quality counterparties.

Bank risk weighted assets declined due to continued relative improvement in the portfolio as well as reclassification into Sovereign asset class of certain counterparties now backed by government guarantees and other reclassifications arising from ongoing review of asset class treatment.

Residential Mortgage risk weighted assets increased in line with growth in the portfolio, as well as a small deterioration in portfolio quality.

Specialised Lending exposures subject to slotting criteria decreased due to reclassification of certain exposures into the Corporate asset class and the downgrade to default of a large exposure.

Standardised risk weighted assets increased due to higher exposures in Asia as well as exchange rate impacts.

Securitisation risk weighted assets decreased due to reclassification into the Corporate asset class.

Market risk weighted assets increased due to the inclusion of foreign exchange translation exposure associated with structured credit and hedges, as well as increased market volatility. Interest rate risk in the banking book weighted assets reduced to zero due to the increase in embedded gains on Investment Term of Capital providing an offset to repricing and yield curve risk as measured by Value at Risk (VaR).

---

[4] Other assets category is in line with the definition of other assets per APRA standard APS 113 attachment E paragraph 5, 9, 10 and 13.

[5] Specialised Lending subject to slotting approach exposure is where the main servicing and repayment is from the asset being financed. Includes specified commercial property development/investment lending, project finance and object finance.

[6] Standardised exposures to all private sector counterparties (other than banks and residential mortgages) have been classified in the "Corporate" category as they do not meet the requirement for other AIRB asset classes. The main categories of standardised exposures are Business Lending, Margin Lending and Other Personal Lending.

Summary of credit risk disclosures[7] [8]

March 2009

	Regulatory Credit Exposure $M	Risk Weighted Assets $M	Regulatory Expected Losses $M	Write-offs for the 6 month period ended $M	Individual Provisions Charge for the 6 month period ended $M
Corporate	192,464	136,559	1,835	451	1,030
Sovereign	21,553	1,402	7	0	0
Bank	48,847	10,374	30	30	4
Residential Mortgage	195,432	35,932	470	14	48
Qualifying Revolving Retail	23,604	8,900	369	124	108
Other Retail	27,073	14,905	614	148	218
Specialised Lending	25,409	25,362	855	0	0
Standardised	18,355	16,363	0	16	41
Total	**552,737**	**249,797**	**4,180**	**783**	**1,449**

September 2008

	Regulatory Credit Exposure	Risk Weighted Assets $M	Regulatory Expected Losses	Write-offs for the 6 month period ended	Individual Provisions Charge for the 6 month period ended
Corporate	195,998	127,365	1,097	160	480
Sovereign	9,350	2,079	10	0	0
Bank	50,799	12,624	91	6	45
Residential Mortgage	186,287	33,727	391	45	40
Qualifying Revolving Retail	23,458	8,703	363	270	219
Other Retail	26,708	14,218	510	189	214
Specialised Lending	29,171	30,250	590	0	0
Standardised	15,831	13,713	0	29	34
Total	**537,602**	**242,679**	**3,052**	**699**	**1,032**

[7] Regulatory credit exposure in this table does not include equities or securitisation exposures.
[8] The individual provision charge relates to loans and advances, and does not include impairment on available-for-sale (March 2009: $20 million; September 2008: $98 million).

Table 4: Credit exposure[9]

Table 4(b): Period end and average regulatory credit exposure

Credit Exposure by Portfolio Type	Regulatory Credit Exposure March 2009 $M	 September 2008 $M	 Average for half $M
Corporate	234,874	239,996	237,435
Sovereign	21,553	9,350	15,452
Bank	48,876	50,827	49,851
Residential Mortgage	196,757	187,263	192,010
Qualifying Revolving Retail	23,604	23,458	23,531
Other Retail	27,073	26,708	26,891
Total Exposure	**552,737**	**537,602**	**545,170**

Table 4(c): Geographic distribution of regulatory credit exposure

	March 2009 Geographic Distribution			
Portfolio Type	Australia $M	New Zealand $M	Other $M	**Total** **$M**
Corporate	146,096	52,077	36,701	**234,874**
Sovereign	9,126	4,073	8,354	**21,553**
Bank	26,017	6,893	15,966	**48,876**
Residential Mortgage	150,352	45,145	1,260	**196,757**
Qualifying Revolving Retail	19,401	4,203	0	**23,604**
Other Retail	22,311	4,740	22	**27,073**
Total exposures	**373,303**	**117,131**	**62,303**	**552,737**

	September 2008 Geographic Distribution			
Portfolio Type	Australia $M	New Zealand $M	Other $M	**Total** **$M**
Corporate	149,489	53,498	37,009	**239,996**
Sovereign	2,440	3,678	3,232	**9,350**
Bank	20,425	5,091	25,311	**50,827**
Residential Mortgage	140,769	45,569	925	**187,263**
Qualifying Revolving Retail	19,106	4,352	0	**23,458**
Other Retail	21,844	4,864	0	**26,708**
Total exposures	**354,073**	**117,052**	**66,477**	**537,602**

[9] In accordance with APS 330, regulatory credit exposure throughout Table 4 does not include equities or securitization exposures.

Table 4(d): Industry distribution of regulatory credit exposure

March 2009

Portfolio Type	Agriculture, Forestry, Fishing & Mining $M	Business Services $M	Construction $M	Entertainment, Leisure & Tourism $M	Financial, Investment & Insurance $M
Corporate	37,070	9,086	6,363	10,628	23,591
Sovereign	0	0	28	0	13,541
Bank	2	0	22	121	47,811
Residential Mortgage	0	0	0	0	0
Qualifying Revolving Retail	0	0	0	0	0
Other Retail	2,621	1,821	2,584	964	339
Total exposures	**39,693**	**10,907**	**8,997**	**11,713**	**85,282**

Portfolio Type	Government and Official Institutions $M	Manufacturing $M	Personal $M	Property Services $M	Wholesale Trade $M
Corporate	1,896	34,183	3,819	41,987	20,232
Sovereign	7,360	166	0	36	54
Bank	0	121	1	89	69
Residential Mortgage	0	0	196,757	0	0
Qualifying Revolving Retail	0	0	23,604	0	0
Other Retail	13	1,045	9,576	1,120	707
Total exposures	**9,269**	**35,515**	**233,757**	**43,232**	**21,062**

Portfolio Type	Retail Trade $M	Transport & Storage $M	Other $M	Total $M
Corporate	13,357	10,501	22,161	**234,874**
Sovereign	0	0	368	**21,553**
Bank	57	86	497	**48,876**
Residential Mortgage	0	0	0	**196,757**
Qualifying Revolving Retail	0	0	0	**23,604**
Other Retail	2,453	1,228	2,602	**27,073**
Total exposures	**15,867**	**11,815**	**25,628**	**552,737**

September 2008

Portfolio Type	Agriculture, Forestry, Fishing & Mining $M	Business Services $M	Construction $M	Entertainment, Leisure & Tourism $M	Financial, Investment & Insurance $M
Corporate	37,939	9,392	5,879	9,978	28,894
Sovereign	0	0	0	0	6,101
Bank	0	4	0	99	50,082
Residential Mortgage	0	0	0	0	0
Qualifying Revolving Retail	0	0	0	0	0
Other Retail	2,257	1,548	2,268	758	277
Total exposures	**40,196**	**10,944**	**8,147**	**10,835**	**85,354**

Portfolio Type	Government and Official Institutions $M	Manufacturing $M	Personal $M	Property Services $M	Wholesale Trade $M
Corporate	5,563	29,621	8,452	41,805	19,604
Sovereign	2,819	161	0	10	46
Bank	0	11	22	6	44
Residential Mortgage	0	0	187,263	0	0
Qualifying Revolving Retail	0	0	23,458	0	0
Other Retail	14	832	12,250	923	622
Total exposures	**8,396**	**30,625**	**231,445**	**42,744**	**20,316**

Portfolio Type	Retail Trade $M	Transport & Storage $M	Other $M	Total $M
Corporate	13,336	9,739	19,794	**239,996**
Sovereign	0	0	213	**9,350**
Bank	0	41	518	**50,827**
Residential Mortgage	0	0	0	**187,263**
Qualifying Revolving Retail	0	0	0	**23,458**
Other Retail	2,029	1,007	1,923	**26,708**
Total exposures	**15,365**	**10,787**	**22,448**	**537,602**

Table 4(e): Residual contractual maturity of regulatory credit exposure[10]

	March 2009				
Portfolio Type	**<= 12 mths $M**	**1 ~ 5 years $M**	**>5 years $M**	**No Maturity Specified $M**	**Total $M**
Corporate	99,131	107,140	26,771	1,832	**234,874**
Sovereign	9,623	10,853	1,077	0	**21,553**
Bank	32,898	15,199	779	0	**48,876**
Residential Mortgage	2,314	4,785	164,238	25,420	**196,757**
Qualifying Revolving Retail	0	0	0	23,604	**23,604**
Other Retail	7,033	12,890	6,624	526	**27,073**
Total exposures	**150,999**	**150,867**	**199,489**	**51,382**	**552,737**

	September 2008				
Portfolio Type	**<= 12 mths $M**	**1 ~ 5 years $M**	**>5 years $M**	**No Maturity Specified $M**	**Total $M**
Corporate	107,831	102,874	26,517	2,774	**239,996**
Sovereign	6,968	1,557	825	0	**9,350**
Bank	37,230	11,650	1,929	18	**50,827**
Residential Mortgage	2,103	4,655	155,795	24,710	**187,263**
Qualifying Revolving Retail	0	0	0	23,458	**23,458**
Other Retail	6,830	13,498	6,232	148	**26,708**
Total exposures	**160,962**	**134,234**	**191,298**	**51,108**	**537,602**

[10] "No Maturity Specified" predominately includes credit cards, margin lending and residential mortgage equity manager accounts.

Table 4(f): Impaired assets, Past due loans, Provisions and Write-offs by Industry sector[11] [12]

March 2009

Industry Sector	Impaired derivatives $M	Impaired loans/facilities $M	Past due loans ≥ 90 days $M	Individual provision balance $M	Charges for individual provision for the 6 month period ended $M	Write-offs for the 6 month period ended $M
Agriculture, forestry, fishing & mining	0	114	55	41	23	33
Business Services	0	113	43	82	41	7
Construction	0	114	40	45	45	15
Entertainment Leisure & Tourism	0	50	28	25	15	8
Financial, Investment & Insurance	8	741	133	245	322	228
Government & Official Institutions	0	0	0	0	0	0
Manufacturing	1	345	35	186	123	6
Personal	0	477	1,036	247	350	278
Property Services	244	1,280	81	173	317	161
Retail Trade	0	130	43	60	45	14
Transport & Storage	0	38	20	15	11	18
Wholesale Trade	0	128	22	60	34	5
Other	1	374	50	162	123	10
Total	**254**	**3,904**	**1,586**	**1,341**	**1,449**	**783**

September 2008

Industry Sector	Impaired derivatives $M	Impaired loans/facilities $M	Past due loans ≥ 90 days $M	Individual provision balance $M	Charges for individual provision for the 12 month period ended $M	Write-offs for the 12 month period ended $M
Agriculture, forestry, fishing & mining	0	121	39	50	55	20
Business Services	0	56	23	42	71	36
Construction	0	32	13	12	12	6
Entertainment Leisure & Tourism	0	30	20	18	15	6
Financial, Investment & Insurance	0	601	104	146	189	53
Government & Official Institutions	0	0	0	0	0	0
Manufacturing	0	161	19	67	44	44
Personal	0	230	458	127	349	367
Property Services	0	887	73	15	18	4
Retail Trade	0	37	30	20	7	9
Transport & Storage	0	54	7	24	33	19
Wholesale Trade	0	181	231	64	124	92
Other	0	283	43	90	115	43
Total	**0**	**2,673**	**1,060**	**675**	**1,032**	**699**

Table 4(g): Impaired asset, Past due loans[13] , Provisions and Write-offs by Geography[14]

March 2009

Geographic Region	Impaired derivatives $M	Impaired loans/facilities $M	Past due loans ≥ 90 days $M	Individual provision balance $M	General reserve for credit losses $M
Australia	254	3,157	968	1,072	1,931
New Zealand	0	530	453	224	506
Other	0	217	165	45	305
Total	**254**	**3,904**	**1,586**	**1,341**	**2,742**

September 2008

Geographic Region	Impaired derivatives $M	Impaired loans/facilities $M	Past due loans ≥ 90 days $M	Individual provision balance $M	General reserve for credit losses $M
Australia	0	2,224	776	516	2,149
New Zealand	0	279	259	111	447
Other	0	170	25	48	225
Total	**0**	**2,673**	**1,060**	**675**	**2,821**

[11] Impaired derivatives include a credit valuation adjustment of $70 million, being a market assessment of the credit risk of the relevant counterparties ($56 million in September 2008).

[12] Impaired loans / facilities include restructured items for customer facilities which for reason of financial difficulty have been re-negotiated on terms which ANZ considers as uncommercial but necessary in the circumstances, and are not considered non-performing. Includes both on and off balance sheet exposures.

[13] Past due loans ≥ 90 days includes $1,440 million well secured loans (September 2008: $945 million).

[14] General Reserve for Credit Losses is equivalent to Collective Provision.

Table 4(g) (continued): Impaired asset, Past due loans, Provisions and Write-offs by Geography

	Impaired derivatives $M		Impaired loans / facilities $M		Past due loans ≥ 90 days $M		Individual provision balance $M		Charges for individual provision $M		Write-offs $M	
Portfolios subject to IRB approach	March 2009	September 2008	March 2009	September 2008	March 2009	September 2008	March 2009	September 2008	6 months ending March 2009	12 months ending September 2008	6 months ending March 2009	12 months ending September 2008
Corporate	254	0	3,164	2,218	410	285	931	427	1,030	480	451	160
Sovereign	0	0	0	0	0	0	0	0	0	0	0	0
Bank	0	0	7	31	0	0	4	25	4	45	30	6
Residential Mortgage	0	0	279	145	879	545	91	52	48	40	14	45
Qualifying revolving retail	0	0	0	0	77	67	0	0	108	219	124	270
Other retail	0	0	348	212	181	140	269	152	226	214	148	189
Total IRB approach	**254**	**0**	**3,798**	**2,606**	**1,547**	**1,037**	**1,295**	**656**	**1,416**	**998**	**767**	**670**
Portfolios subject to Standardised approach												
Corporate	0	0	101	67	39	23	45	19	33	34	16	29
Sovereign	0	0	0	0	0	0	0	0	0	0	0	0
Bank	0	0	0	0	0	0	0	0	0	0	0	0
Residential Mortgage	0	0	5	0	0	0	1	0	0	0	0	0
Total Standardised approach	**0**	**0**	**106**	**67**	**39**	**23**	**46**	**19**	**33**	**34**	**16**	**29**
Total	**254**	**0**	**3,904**	**2,673**	**1,586**	**1,060**	**1,341**	**675**	**1,449**	**1,032**	**783**	**699**

Table 4(h): Reconciliation of changes in Provisions

General Reserve for Credit Losses	**For the 6 month period ended 31 March 2009 $M**	**For the 12 month period ended 30 September 2008 $M**
Balance at start of period	2,821	1,992
Charge to income statement	(96)	818
Adjustments for exchange rate fluctuations and other	17	11
Total General Reserve for Credit Losses	**2,742**	**2,821**
Individual Provisions		
Balance at start of period	675	270
Net transfer from general reserve for credit losses	0	0
Charge to income statement for loans and advances	1,449	1,032
Adjustments for exchange rate fluctuations	(6)	0
Discount Unwind	(36)	(28)
Write-offs	(783)	(699)
Recoveries	42	100
Total Individual Provision	**1,341**	**675**
Total Provisions	**4,083**	**3,496**

Impaired loans at $3.9 billion represent an increase of $1.2 billion from 30 September 2008. The increase is principally in Australia and reflects tight liquidity, high leverage and earnings pressure in the current market resulting in a number of downgrades spread across the financial, health and community services and commercial property portfolios.

Past due loans at $1.6 billion represents an increase of $0.5 billion from 30 September 2008. The increase is principally in Australia and New Zealand due primarily to reduced exit options in Australia caused by a tightened refinance market, a soft property market and a deteriorating economy in New Zealand.

Individual provision balance at $1.3 billion represents an increase of $0.7 billion since 30 September 2008. The increase is principally in Australia following a large number of downgrades across the portfolio, partially offset by write-offs in the financial and commercial property portfolios.

The charge for individual provisions for half year ending 30 March 2009 was $1.4 billion, compared to charge of $1.0 billion for full year ending 30 September 2008 (first half 2008: $333 million; second half 2008: $699 million). The charge for the current half was principally in Institutional and Australia reflecting the current downward global economic cycle and its overall adverse effect on credit quality and includes two large provisions totalling $330 million within the Institutional division. Retail portfolios are experiencing rising levels of bankruptcies, liquidations/administrations and customers falling under hardship policies. This is coupled with lower recovery rates in a tightened debt sales market and lower resale values impacting Esanda recoveries.

The general reserve for credit losses at $2.7 billion represents a decrease of $79 million from 30 September 2008 arising from a net release from profit and loss of $96 million and exchange rate adjustment of $17 million. The net release of $96 million comprises a concentration risk release of $228 million and an economic cycle adjustment release of $78 million within Institutional division, and charges across ANZ for growth of $67 million and risk/mix of $143 million.

Table 4(i): Regulatory credit exposures by measurement approach[15]

Advanced IRB	March 2009 $M	September 2008 $M
Corporate	217,873	225,169
Sovereign	21,553	9,350
Bank	48,847	50,799
Residential Mortgage	195,432	186,287
Qualifying Revolving Retail	23,604	23,458
Other Retail	27,073	26,708
Total Advanced IRB	**534,382**	**521,771**

Standardised	March 2009 $M	September 2008 $M
Corporate	17,001	14,827
Sovereign	0	0
Bank	29	28
Residential Mortgage	1,325	976
Other Retail	0	0
Total Standardised	**18,355**	**15,831**
Total Exposure	**552,737**	**537,602**

15 Specialised lending is included in the Corporate asset class.

Table 5: Credit risk – disclosures for portfolios subject to the standardised approach and supervisory risk weighted in the IRB approach

Table 5(b): Regulatory credit exposure by risk bucket[16] [17]

Risk weight	March 2009 $M	September 2008 $M
Standardised approach exposures		
0%	0	0
20%	1,410	1,845
35%	1,313	971
50%	22	23
75%	0	0
100%	15,609	12,992
150%	1	0
>150%	0	0
Capital deductions	0	0
Total	**18,355**	**15,831**
Other assets		
0%	0	0
20%	0	0
35%	0	0
50%	0	0
75%	0	0
100%	2,902	2,654
150%	0	0
>150%	0	0
Capital deductions	0	0
Total	**2,902**	**2,654**
Specialised Lending exposures subject to supervisory slotting		
0%	852	125
70%	7,136	9,794
90%	9,613	9,667
115%	5,782	6,866
250%	2,026	2,719
Total	**25,409**	**29,171**
Equity exposures		
Risk weight		
300%	64	0
400%	379	286
Total	**443**	**286**

[16] Other assets category is in line with the definition of other assets per APRA standard APS 113 attachment E paragraphs 5, 9, 10 and 13.
[17] Standardised approach exposures include margin lending exposure.

Table 6: Credit risk: Disclosure for portfolios subject to Internal Rating Based (IRB) approaches

Rating of Non Retail Exposures

ANZ’s rating system for Non Retail credit exposures has two separate and distinct dimensions that:

1. Measure the Probability of Default (PD), which is expressed by the Customer Credit Rating (CCR), reflecting the ability to service and repay debt; and
2. Measure the Loss Given Default (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 tangible security which ANZ can realise 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. Besides the tangible security-related SIs, there is a range of specialised SIs also available, covering 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 Corporate PD masterscale is made up of 27 rating grades. Each grade is separately defined and has a range of default probabilities attached to it. The PD masterscale enables ANZ’s rating system to be mapped external rating agency grades, using the PD as a common element after ensuring that default definitions and other key attributes are aligned as demonstrated below.

ANZ CCR	**PD range**	**Standard & Poor’s**	**Moody’s**
0+ to 1-	0.00-0.03%	AAA to <A+	Aaa to <Aa3
2+ to 3+	0.03-0.16%	A+ to <BBB	A1 to <Baa2
3= to 4=	0.16-0.51%	BBB to <BB+	Baa2 to < Ba1
4- to 6-	0.51-3.49%	BB+ to <B+	Ba1 to <B1
7+ to 8+	3.49-10.09%	B+ to <CCC	B1 to <Caa
8=	10.09-99.99%	CCC	Caa
8-, 9 and 10	100%	Default	Default

ANZ also uses two specialised PD masterscales for the mapping of Sovereign and Bank PDs to external rating agency ratings.

Table 6(d) adopts risk grade buckets aligned to Standard & Poor’s.

Table 6(d): Non Retail regulatory credit exposure subject to Internal Ratings Based (IRB) approach[18 19 20]

March 2009	AAA < A+ $M	A+ < BBB $M	BBB < BB+ $M	BB+ < B+ $M	B+ < CCC $M	CCC $M	Default $M
Regulatory credit exposure							
Corporate	9,773	37,424	56,437	74,769	7,186	3,560	3,315
Sovereign	18,895	1,278	28	1,291	9	49	3
Bank	42,172	2,190	3,644	673	25	74	69
Total	**70,840**	**40,892**	**60,109**	**76,733**	**7,220**	**3,683**	**3,387**
Undrawn commitments (included in above)							
Corporate	3,395	14,508	16,690	16,029	789	537	338
Sovereign	1,088	101	0	95	1	1	0
Bank	1,943	85	165	20	0	2	32
Total	**6,426**	**14,694**	**16,855**	**16,144**	**790**	**540**	**370**
Exposure-weighted average Exposure At Default (EAD)							
Corporate	0.887	1.692	0.674	0.364	0.557	0.305	0.909
Sovereign	45.530	9.909	1.500	8.842	1.311	48.502	0.257
Bank	17.276	1.639	1.610	0.588	0.450	1.943	11.540
Exposure-weighted average Loss Given Default (LGD) (%)							
Corporate	60.6%	57.1%	48.6%	39.8%	46.7%	48.3%	45.7%
Sovereign	2.7%	4.8%	5.0%	58.3%	5.1%	2.0%	59.0%
Bank	62.7%	63.4%	64.9%	58.5%	68.1%	65.7%	63.5%
Exposure-weighted average risk weight (%)							
Corporate	21.1%	34.8%	57.9%	82.7%	167.0%	229.1%	204.2%
Sovereign	0.5%	1.7%	8.4%	98.1%	19.9%	11.0%	0.0%
Bank	16.0%	25.6%	53.6%	108.2%	221.5%	320.3%	162.0%

September 2008	AAA < A+ $M	A+ < BBB $M	BBB < BB+ $M	BB+ < B+ $M	B+ < CCC $M	CCC $M	Default $M
Regulatory credit exposure							
Corporate	17,321	39,769	58,273	73,003	3,706	2,097	1,829
Sovereign	6,892	658	2	1,768	26	0	4
Bank	43,064	3,313	2,083	1,959	244	35	101
Total	**67,277**	**43,740**	**60,358**	**76,730**	**3,976**	**2,132**	**1,934**
Undrawn commitments (included in above)							
Corporate	4,738	16,277	15,664	15,415	529	462	217
Sovereign	651	125	2	105	0	0	1
Bank	3,342	251	42	61	6	1	85
Total	**8,731**	**16,653**	**15,708**	**15,581**	**535**	**463**	**303**
Exposure-weighted average Exposure At Default (EAD)							
Corporate	1.436	2.081	0.689	0.315	0.321	0.178	0.701
Sovereign	16.890	14.008	0.666	41.118	0.494	0.000	0.185
Bank	13.896	2.152	2.902	1.555	1.296	0.262	20.125
Exposure-weighted average Loss Given Default (LGD) (%)							
Corporate	62.1%	58.5%	49.4%	39.5%	40.5%	48.0%	47.7%
Sovereign	3.3%	4.3%	2.0%	58.5%	58.8%	0.0%	59.0%
Bank	62.8%	64.4%	64.8%	56.9%	55.1%	67.6%	64.2%
Exposure-weighted average risk weight (%)							
Corporate	19.6%	37.1%	57.0%	84.3%	135.2%	227.3%	258.1%
Sovereign	0.6%	2.2%	1.6%	110.3%	168.0%	0.0%	710.9%
Bank	17.1%	27.1%	62.4%	119.7%	180.4%	328.6%	160.5%

[18] In accordance with APS 330, Table 6 does not include equities or securitisation exposures.
[19] Specialised Lending is excluded from Table 6(d) as it follows the regulatory slotting treatment. A breakdown of Specialised Lending breakdown is provided in Table 5(b).
[20] Exposure-weighted average Exposure At Default (EAD) is calculated as total EAD divided by the total number of credit risk generating exposures.

Table 6(d): Retail regulatory credit exposure subject to Internal Ratings Based (IRB) approach by risk grade[21]

ANZ rating system of Retail exposures

In the Retail asset classes, most facilities utilise credit rating 'scores'. The scores are calibrated to PD, so the PD masterscale gives ANZ a common language to understand and discuss credit risk. For retail asset class exposures, the LGD dimension is recognised through the process of pooling retail exposures into homogenous groups.

	March 2009						
	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% < 100.00 % $M	Default $M
Regulatory Credit Exposure							
Residential Mortgage	3,800	113,959	27,277	39,008	6,161	3,936	1,291
Qualifying Revolving Retail	10,874	2,141	1,790	5,454	2,073	1,103	169
Other Retail	1,348	2,642	879	16,493	4,479	702	530
Total	**16,022**	**118,742**	**29,946**	**60,955**	**12,713**	**5,741**	**1,990**
Undrawn commitments (included in above)							
Residential Mortgage	361	12,454	2,721	2,383	220	101	14
Qualifying Revolving Retail	8,680	1,785	1,214	2,712	704	145	21
Other Retail	467	651	699	2,025	107	49	9
Total	**9,508**	**14,890**	**4,634**	**7,120**	**1,031**	**295**	**44**
Exposure-weighted average EAD							
Residential Mortgage	0.046	0.185	0.123	0.160	0.167	0.161	0.201
Qualifying Revolving Retail	0.010	0.009	0.009	0.007	0.007	0.006	0.006
Other Retail	0.032	0.023	0.003	0.018	0.011	0.007	0.018
Exposure-weighted average LGD (%)							
Residential Mortgage	20.9%	20.1%	21.8%	20.8%	20.4%	20.5%	21.4%
Qualifying Revolving Retail	73.9%	80.0%	73.3%	74.5%	73.7%	73.7%	73.9%
Other Retail	22.2%	18.6%	37.6%	39.6%	43.1%	53.4%	51.7%
Exposure-weighted average risk weight (%)							
Residential Mortgage	5.5%	6.7%	14.7%	30.0%	73.2%	111.4%	267.6%
Qualifying Revolving Retail	4.7%	8.5%	13.5%	37.9%	105.4%	205.3%	857.5%
Other Retail	5.2%	9.4%	24.5%	52.7%	67.5%	127.9%	330.5%

	September 2008						
	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% < 100.00 % $M	Default $M
Regulatory Credit Exposure							
Residential Mortgage	1,524	110,113	25,807	38,639	5,772	3,633	799
Qualifying Revolving Retail	10,556	2,155	2,018	5,439	2,203	947	140
Other Retail	1,259	2,714	1,425	15,420	4,865	634	391
Total	**13,339**	**114,982**	**29,250**	**59,498**	**12,840**	**5,214**	**1,330**
Undrawn commitments (included in above)							
Residential Mortgage	244	11,218	2,608	2,390	206	93	10
Qualifying Revolving Retail	8,368	1,837	1,392	2,789	766	126	19
Other Retail	409	701	805	1,537	452	48	8
Total	**9,021**	**13,756**	**4,805**	**6,716**	**1,424**	**267**	**37**
Exposure-weighted average EAD							
Residential Mortgage	0.025	0.177	0.115	0.157	0.163	0.158	0.196
Qualifying Revolving Retail	0.010	0.010	0.008	0.007	0.007	0.006	0.006
Other Retail	0.030	0.023	0.005	0.019	0.010	0.006	0.018
Exposure-weighted average LGD (%)							
Residential Mortgage	20.0%	20.1%	21.9%	20.9%	20.6%	20.6%	21.3%
Qualifying Revolving Retail	73.9%	79.4%	74.1%	74.3%	73.7%	73.7%	73.9%
Other Retail	22.4%	19.9%	35.1%	38.0%	46.1%	54.4%	51.6%
Exposure-weighted average risk weight (%)							
Residential Mortgage	5.1%	6.9%	14.6%	30.5%	74.6%	112.0%	267.6%
Qualifying Revolving Retail	4.9%	8.4%	13.9%	39.0%	111.4%	207.1%	846.3%
Other Retail	4.2%	9.1%	23.6%	51.2%	72.1%	129.3%	348.8%

[21] Exposure-weighted average EAD is calculated as total EAD divided by the total number of credit risk generating exposures.

Table 6(e): Actual Losses by portfolio type[22] [23]

	Half Year March 2009		
Basel Asset Class	Regulatory Expected Loss Estimate $M	Charges for individual provision $M	Write-offs $M
Corporate	1,835	1,030	451
Specialised Lending	855	0	0
Sovereign	7	0	0
Bank	30	4	30
Residential Mortgage	470	48	14
Qualifying revolving retail	369	108	124
Other retail	614	218	148
Total excluding standardised	**4,180**	**1,408**	**767**
Standardised	0	41	16
TOTAL	**4,180**	**1,449**	**783**

Regulatory Expected Loss adjustment to Capital	$M
Total Eligible Provisions	
Collective Provision Component	1,849
Other Eligible Provisions	1,314
less	
Regulatory Expected Loss Estimate	4,180
Net Surplus / (Deficit) applied to Capital (50/50 tier 1 / Tier 2)	**(1,017)**

	Full Year September 2008		
Basel Asset Class	Regulatory Expected Loss Estimate $M	Charges for individual provision $M	Write-offs $M
Corporate	1,097	480	160
Specialised Lending	590	0	0
Sovereign	10	0	0
Bank	91	45	6
Residential Mortgage	391	40	45
Qualifying Revolving Retail	363	219	270
Other Retail	510	214	189
Total excluding standardised	**3,052**	**998**	**670**
Standardised	0	34	29
TOTAL	**3,052**	**1,032**	**699**

Regulatory Expected Loss adjustment to Capital	$M
Total Eligible Provisions	
Collective Provision Component	1,919
Other Eligible Provisions	799
less	
Regulatory Expected Loss Estimate	3,052
Net Surplus / (Deficit) applied to Capital (50/50 tier 1 / Tier 2)	**(334)**

Refer to Table 4(h) for commentary on provisions. Write-offs increased of $783 million in the first half of 2009 compare to $699 million for full year 2008 (first half 2008: $376 million; second half 2008: $323 million).

[22] The Collective Provision component of total eligible provisions in Regulatory Expected Loss adjustment to Capital comprises total Collective Provision balance $1,913 (net of tax), less the amount relating to Standardised exposures of $64 million (after tax) as of March 2009 ($1,973 and $54 million respectively as of September 2008).

[23] The individual provision charge relates to loans and advances, and does not include impairment on available-for-sale (March 2009: $20 million; September 2008: $98 million).

Table 7: Credit risk mitigation disclosures

Table 7(b): Credit risk mitigation – collateral[24] [25]

	March 2009			
	Total Exposure $M	Eligible Financial Collateral $M	Other Eligible Collateral $M	% Coverage
Standardised				
Corporate	17,835	834	0	4.7%
Sovereign	0	0	0	0.0%
Bank	29	0	0	0.0%
Residential Mortgage	1,348	23	0	1.7%
Other Retail	0	0	0	0.0%
Total	**19,212**	**857**	**0**	**4.5%**

	September 2008			
	Total Exposure $M	Eligible Financial Collateral $M	Other Eligible Collateral $M	% Coverage
Standardised				
Corporate	15,467	640	0	4.1%
Sovereign	0	0	0	0.0%
Bank	28	0	0	0.0%
Residential Mortgage	994	18	0	1.8%
Other Retail	0	0	0	0.0%
Total	**16,489**	**658**	**0**	**4.0%**

[24] In order to show the cover provided by the disclosed mitigants, the exposure amount is prior to the application of the eligible risk mitigation. Excluding mitgants, the standardised exposure amount is $18,355 million as of March 2009 and $15,831 million as of September 2008.

[25] In additional to financial collateral, the range of collateral recognised in the Standardised approach is very limited. For example, real estate security and charges over company assets are excluded.

Table 7(c): Credit risk mitigation – guarantees and credit derivatives[26] [27]

March 2009

	Total Exposure $M	Exposures Covered by Guarantees $M	Exposures Covered by Credit Derivatives $M	% Coverage
Standardised				
Corporate	17,001	0	0	0.0%
Sovereign	0	0	0	0.0%
Bank	29	0	0	0.0%
Residential Mortgage	1,325	0	0	0.0%
Other Retail	0	0	0	0.0%
Total	**18,355**	**0**	**0**	**0.0%**
Advanced IRB				
Corporate	221,174	12,053	1,023	5.9%
Sovereign	18,121	35	0	0.2%
Bank	50,001	1,898	0	3.8%
Residential Mortgage	195,432	0	0	0.0%
Qualifying Revolving Retail	23,604	0	0	0.0%
Other Retail	27,073	0	0	0.0%
Total	**535,405**	**13,986**	**1,023**	**2.8%**

September 2008

	Total Exposure $M	Exposures Covered by Guarantees $M	Exposures Covered by Credit Derivatives $M	% Coverage
Standardised				
Corporate	15,467	0	0	0.0%
Sovereign	0	0	0	0.0%
Bank	28	0	0	0.0%
Residential Mortgage	994	0	0	0.0%
Other Retail	0	0	0	0.0%
Total	**16,489**	**0**	**0**	**0.0%**
Advanced IRB				
Corporate	227,266	7,720	821	3.8%
Sovereign	8,912	58	0	0.7%
Bank	49,961	0	0	0.0%
Residential Mortgage	186,287	0	0	0.0%
Qualifying Revolving Retail	23,458	0	0	0.0%
Other Retail	26,708	0	0	0.0%
Total	**522,592**	**7,778**	**821**	**1.6%**

[26] Guarantee coverage for Corporate exposures can originated from Corporate, Sovereign or Bank counterparties. Table 7(c) shows the original exposure amount by asset class prior to the impact of the guarantee (for example, a Corporate exposure guaranteed by a Bank is shown above as a Corporate, however it will appear in other tables in this document as a Bank exposure i.e. post the effect of the guarantee).

[27] The total exposure amount in Table 7(c) has been grossed up for the mitigant value of Credit Derivatives.

Table 9: Securitisation disclosures

Table 9(d): Traditional and synthetic securitisation exposures[28 29]

Traditional securitisations

	March 2009			
				Regulatory credit exposure
Underlying asset	ANZ originated $M	Third party originated $M	Other Services $M	Facilities provided $M
Residential mortgage	326	0	0	3,077
Credit cards and other personal loans	0	0	0	0
Auto and equipment finance	0	0	0	1,371
Commercial loans	0	0	0	554
Other	0	0	0	5,300
Total	**326**	**0**	**0**	**10,302**

Synthetic securitisations

	March 2009			
				Regulatory credit exposure
Underlying asset	ANZ originated $M	Third party originated $M	Other Services $M	Facilities provided $M
Residential mortgage	0	0	0	0
Credit cards and other personal loans	0	0	0	0
Auto and equipment finance	0	0	0	0
Commercial loans	2,200	0	0	0
Other	0	0	0	1,409
Total	**2,200**	**0**	**0**	**1,409**

Traditional securitisations

	September 2008			
				Regulatory credit exposure
Underlying asset	ANZ originated $M	Third party originated $M	Other Services $M	Facilities provided $M
Residential mortgage	371	0	0	3,467
Credit cards and other personal loans	0	0	0	0
Auto and equipment finance	0	0	0	1,480
Commercial loans	0	0	0	807
Other	0	0	0	6,819
Total	**371**	**0**	**0**	**12,573**

Synthetic securitisations

	September 2008			
				Regulatory credit exposure
Underlying asset	ANZ originated $M	Third party originated $M	Other Services $M	Facilities provided $M
Residential mortgage	0	0	0	0
Credit cards and other personal loans	0	0	0	0
Auto and equipment finance	0	0	0	0
Commercial loans	2,200	0	0	0
Other	0	0	0	1,667
Total	**2,200**	**0**	**0**	**1,667**

[28] Total regulatory credit exposure of synthetic and traditional securitisation tables varies from total regulatory credit exposure for securitisation presented in remaining tables by $45 million. Where the asset is ANZ originated and disclosed within the ANZ originated component of the table, regulatory credit exposure is not additionally disclosed in the 'Facilities Provided' column.

[29] For the 'ANZ originated' and 'Third party originated' columns the value shown is the current outstanding value of the assets originated. For 'Facilities provided' the value shown is the credit equivalent value of facilities extended to securitisation undertaken by third parties where ANZ does not act as an originator.

Aggregate of traditional and synthetic securitisations	**March 2009**			Regulatory credit exposure
Underlying asset	ANZ originated $M	Third party originated $M	Other Services $M	Facilities provided $M
Residential mortgage	326	0	0	3,077
Credit cards and other personal loans	0	0	0	0
Auto and equipment finance	0	0	0	1,371
Commercial loans	2,200	0	0	554
Other	0	0	0	6,709
Total	**2,526**	**0**	**0**	**11,711**

Aggregate of traditional and synthetic securitisations	**September 2008**			Regulatory credit exposure
Underlying asset	ANZ originated $M	Third party originated $M	Other Services $M	Facilities provided $M
Residential mortgage	371	0	0	3,467
Credit cards and other personal loans	0	0	0	0
Auto and equipment finance	0	0	0	1,480
Commercial loans	2,200	0	0	807
Other	0	0	0	8,486
Total	**2,571**	**0**	**0**	**14,240**

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

Underlying asset	ANZ originated $M	Value as at 31 March 2009 Impaired $M	Past due $M	Half Year Losses recognised $M
Residential Mortgage	326	0	0	0
Credit cards and other personal loans	0	0	0	0
Auto and equipment finance	0	0	0	0
Commercial loans	2,200	0	0	0
Other	0	0	0	0
Total	**2,526**	**0**	**0**	**0**

Underlying asset	ANZ originated $M	Value as at 30 September 2008 Impaired $M	Past due $M	Half Year Losses recognised $M
Residential Mortgage	371	0	0	0
Credit cards and other personal loans	0	0	0	0
Auto and equipment finance	0	0	0	0
Commercial loans	2,200	0	0	0
Other	0	0	0	0
Total	**2,571**	**0**	**0**	**0**

Table 9(f): Securitisation – Regulatory credit exposures by type of facility[30]

Facilities provided	**Regulatory credit exposure March 2009 $M**	**September 2008 $M**
Liquidity facilities	5,239	5,732
Funding facilities	4,327	5,792
Underwriting facilities	0	0
Lending facilities	0	0
Credit enhancements	117	122
Holdings of securities (excluding trading book)	2,073	2,639
Other	0	0
Total	**11,756**	**14,285**

Table 9(g): Securitisation - Regulatory credit exposures by risk weight band

Securitisation risk weights	**March 2009** Regulatory credit exposure $M	Risk weighted assets $M	**September 2008** Regulatory credit exposure $M	Risk weighted assets $M
≤ 25%	8,938	1,264	11,569	1,528
>25 ≤ 35%	1,009	353	736	257
>35 ≤ 50%	0	0	137	64
>50 ≤ 75%	1	1	1	1
>75 ≤ 100%	1,746	1,746	1,644	1,643
>100 ≤ 650%	0	0	183	778
1250% (Deduction)	62	0	15	0
Total	**11,756**	**3,364**	**14,285**	**4,271**

Securitisation exposures deducted from Capital	**March 2009** Deductions from Tier 1 Capital $M	Deductions from Tier 2 Capital $M	Total $M	**September 2008** Deductions from Tier 1 Capital $M	Deductions from Tier 2 Capital $M	Total $M
Residential Mortgage	0	0	0	0	0	0
Credit cards and other personal loans	0	0	0	0	0	0
Auto and equipment finance	0	0	0	0	0	0
Commercial loans	0	0	0	0	0	0
Other	31	31	62	8	8	15
Total	**31**	**31**	**62**	**8**	**8**	**15**

30 Credit enhancement facilities are second loss facilities and benefit from credit enhancement from a third party first loss provider.

Table 9(h) and 9(i): Securitisation exposures subject to early amortisation or using standardised approach

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

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

For the 6 months to 31 March 2009

Securitisation activity by underlying asset type	Original value securitised ANZ originated $M	 Third party originated $M	Recognised gain or loss on sale $M
Residential mortgage	0	772	0
Credit cards and other personal loans	0	0	0
Auto and equipment finance	0	0	0
Commercial loans	0	0	0
Other	0	0	0
Total	**0**	**772**	**0**

Securitisation activity by facility provided	Notional amount $M
Liquidity facilities	0
Funding facilities	0
Underwriting facilities	0
Lending facilities	0
Credit enhancements	0
Holdings of securities (excluding trading book)	0
Other	0
Total	**0**

For the 6 months to 30 September 2008

Securitisation activity by underlying asset type	Original value securitised ANZ originated $M	 Third party originated $M	Recognised gain or loss on sale $M
Residential mortgage	0	0	0
Credit cards and other personal loans	0	0	0
Auto and equipment finance	0	2,041	0
Commercial loans	0	0	0
Other	0	4,833	0
Total	**0**	**6,874**	**0**

Securitisation activity by facility provided	Notional amount $M
Liquidity facilities	335
Funding facilities	2,902
Underwriting facilities	0
Lending facilities	0
Credit enhancements	0
Holdings of securities (excluding trading book)	0
Other	0
Total	**3,237**

[31] "Third party originated" represents the total original assets of the securitisation, and is not representative of ANZ's exposure.

Table 10: Market Risk – disclosures for standardised approach

Table 10 (b): Market Risk - Standardised approach[32]

Market Risk under standardised approach	Capital requirements March 2009 $M	Capital requirements September 2008 $M
Interest rate risk	147	167
Equity position risk	3	2
Foreign exchange risk	0	0
Commodity risk	7	6
Total	157	175
RWA equivalent	1,961	2,187

Table 11: Mark Risk disclosures for internal models approach for trading portfolios

Table 11(d): Market Risk - Internal Models Approach (IMA)[33 34]

VaR values over six months ended 31 March 2009

Value at Risk (VaR)	Mean value $M	Maximum value $M	Minimum value $M	Period end $M
Equities	0.00	0.00	0.00	0.00
Interest Rate	5.54	10.26	2.36	6.58
Foreign exchange	1.67	2.96	0.94	1.50
Commodity	0.99	2.45	0.63	0.88
Credit	1.91	3.19	1.20	2.23

VaR values over six months ended 30 September 2008

Value at Risk (VaR)	Mean value $M	Maximum value $M	Minimum value $M	Period end $M
Equities	0.00	0.00	0.00	0.00
Interest Rate	1.92	3.59	1.21	2.82
Foreign exchange	0.85	2.45	0.38	2.45
Commodity	0.97	1.51	0.41	1.33
Credit	1.04	2.64	0.60	1.21

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 incidents when trading losses exceed the calculated VaR. As a probabilistic measure of potential future gains or losses, it is expected that results exceed VaR a proportion of the time. For APRA purposes, VaR is calculated at the 99% confidence interval with a one day holding period. Therefore, over the long-run we would expect one back testing outlier each 100 days.

ANZ uses actual profit and loss data and hypothetical profit and loss data. Hypothetical profit and loss 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.

As at 31 March 2009, based on the prior 250 business days, there were 15 hypothetical and three actual genuine negative outliers compared to 20 hypothetical and four actual genuine negative outliers as at 30 September 2008. This decrease in the number of hypothetical and actual genuine negative outliers is in line with expectations as the historical VaR model now incorporates the market volatility experienced between August 2007 and November 2008 hence indicating that the VaR model continues to be an appropriate model to use for Market Risk calculations.

---

[32] RWA equivalent is the capital requirements multiplied by 12.5 in accordance with APRA Prudential Standard APS 110.
[33] Regulatory VaR is calculated at 97.5% confidence level for a one-day holding period.
[34] The Foreign Exchange Value at Risk 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).

Table 13: Equities - disclosures for banking book positions

Table 13(b) and 13 (C): Equities - Types and nature of Banking Book investments[35]

Equity investments	Balance sheet value		Fair value[33]	
	March 2009 $M	September 2008 $M	March 2009 $M	September 2008 $M
Value of listed (publicly traded) equities	2,042	1,993	1,962	2,059
Value of unlisted (privately held) equities	3,140	2,935	3,628	3,757
Total	**5,182**	**4,928**	**5,590**	**5,816**

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

Gains (losses) on equity investments	Half Year 31 March 2009 $M	Full Year 30 September 2008 $M
Cumulative realised gains (losses) from disposals and liquidations in the reporting period	(3)	159
Total unrealised gains (losses)	3	(56)
Total unrealised gains (losses) included in Gross Tier 1/Tier 2 capital	0	0

Table 13(f): Equities - Capital Requirement

Risk Weighted Assets	March 2009 $M	September 2008 $M
Equity investments subject to a 300% risk weight	193	0
Equity investments subject to a 400% risk weight	1,514	1,146
Total minimum capital requirement by equity asset class	**1,707**	**1,146**
Aggregate amount of equity investments subject to:		
Supervisory provisions	n/a	n/a
Grandfathering provisions	n/a	n/a

35 At 31 March 2009, the market value of listed equities equals the fair value of these instruments. At 30 September 2008, one listed security had a market value materially different to its fair value. The intrinsic value of this instrument was considered best represented by the fair value. The market value of this instrument at 30 September 2008 was $65 million and the fair value was $56 million.

Table 14(b): Interest rate risk in the banking book (IRRBB) [36]

	Change in Economic Value	
Standard Shock Scenario Stress Testing: Interest rate shock applied	**As of 31 March 2009 $M**	**As of 30 September 2008 $M**
AUD		
200 basis point parallel increase	(134)	(66)
200 basis point parallel decrease	141	71
NZD		
200 basis point parallel increase	(79)	(69)
200 basis point parallel decrease	79	67
USD		
200 basis point parallel increase	(22)	(23)
200 basis point parallel decrease	20	25
GBP		
200 basis point parallel increase	(6)	(5)
200 basis point parallel decrease	5	5
EUR		
200 basis point parallel increase	(5)	(3)
200 basis point parallel decrease	4	3
SGD		
200 basis point parallel increase	(15)	1
200 basis point parallel decrease	14	0
HKD		
200 basis point parallel increase	(13)	(8)
200 basis point parallel decrease	12	9
JPY		
200 basis point parallel increase	0	(2)
200 basis point parallel decrease	0	1
IDR		
200 basis point parallel increase	(5)	(2)
200 basis point parallel decrease	5	2
IRRBB regulatory RWA	**0**	**325**

Stress testing methodology

The information provided for ANZ's IRRBB capital requirement, as determined by its internal model. The capital requirement includes a value for Repricing & Yield Curve risk based on historical simulation with a 99% confidence interval, 1 year holding period and a 6 year historical data set. Values for Optionality and Basis risk are also included and have been determined using Monte Carlo simulation. Embedded losses also make up the capital requirement and are calculated as the difference between the book value of banking book items and the current economic value.

[36] Interest rate risk in the banking book weighted assets reduced to zero due to the increase in embedded gains on Investment Term of Capital providing an offset to repricing and yield curve risk as measured by VaR.

Table 17: Supplementary credit exposure disclosures

Table 17(a): Regulatory credit exposure by facility type [37]

Facility type	Half Year March 2009 $M	Full Year September 2008 $M	Average for period $M
Acceptance	19,161	18,599	18,880
Cash and liquid assets	19,039	18,051	18,545
Contingents liabilities, commitments, and other off-balance sheet exposures	119,835	125,630	122,732
Creditors & Other Liabilities	130	871	501
Derivatives	29,653	19,186	24,420
Due from other financial Institutions	3,776	9,546	6,661
Investment Securities	14,127	14,927	14,527
Loans & Advances	334,500	323,381	328,940
Other assets	1,581	315	948
Total deposits & other borrowings	199	184	192
Trading Securities	10,736	6,912	8,824
Total Exposures	**552,737**	**537,602**	**545,170**

[37] In accordance with ASP 330, regulatory credit exposure in Table 17 does not include equities or securitisation exposures.

This page has been intentionally left blank

Australia and New Zealand Banking Group Limited ABN 11005357522