2011

BASEL II
PILLAR 3 DISCLOSURE

HALF YEAR ENDED 31 MARCH 2011

APS 330: CAPITAL ADEQUACY & RISK MANAGEMENT IN ANZ

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 2011. 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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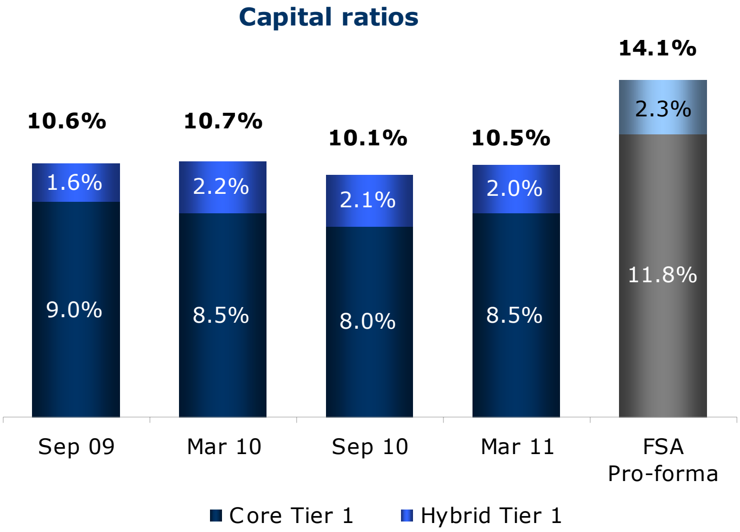
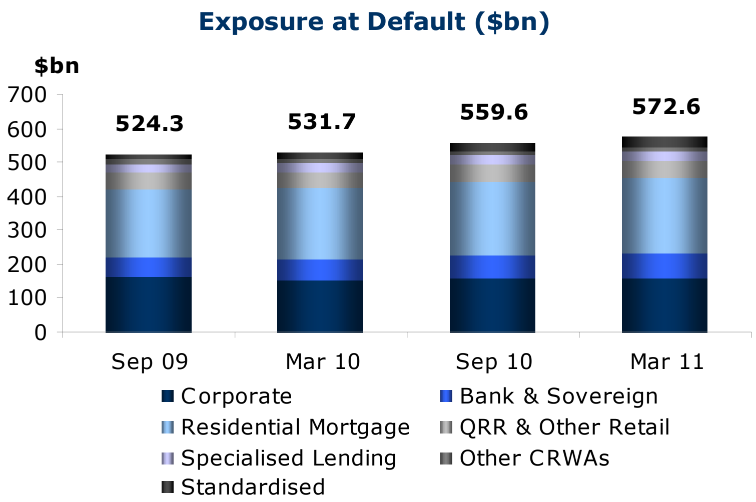
[1] Each Table reference adopted in this document aligns to those required by APS 330 to be disclosed at half year.

Chapter 1 – Highlights[2]



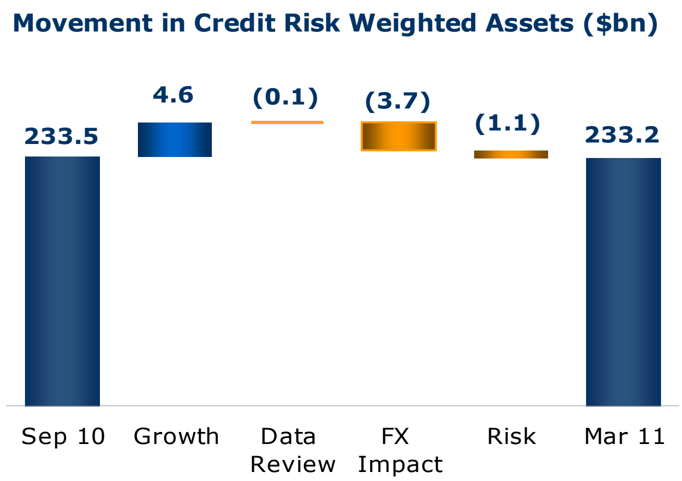
Strengthening capital position through organic capital generation

- Tier 1 capital position up 41bp since Sep 10, driven by retained profits.
- ANZ well capitalised and positioned to manage transition to Basel III.



Growth in EAD of 2.3% to $572.6bn

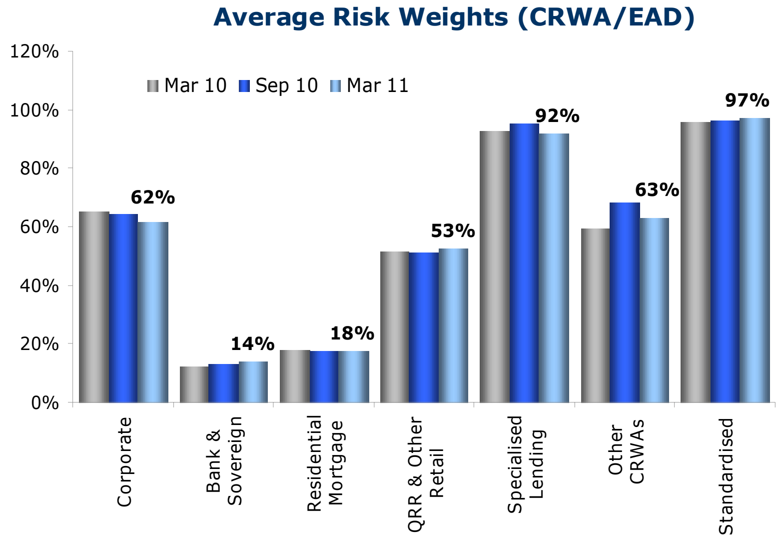
- Growth mainly driven by Residential Mortgages in Australia and Sovereign exposures offset by strong appreciation of the AUD (particularly against USD and NZD).



However, CRWA remained stable since Sep 10 due to:

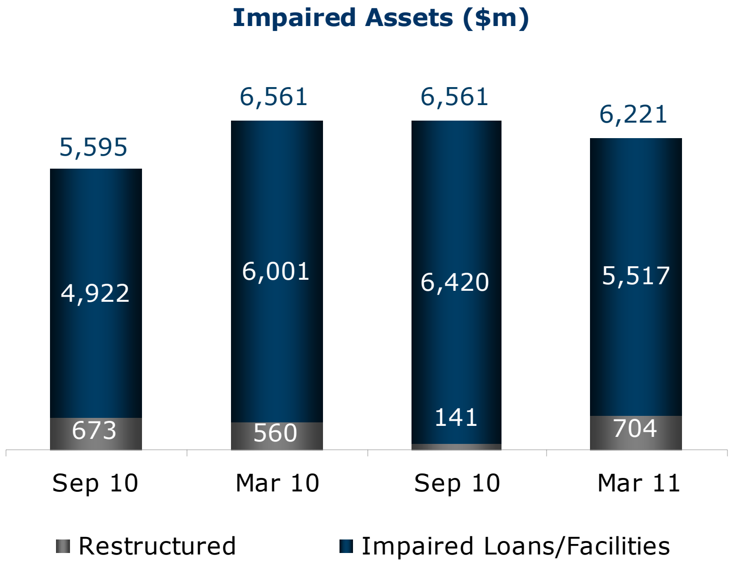
- Increases in lower risk weight assets (Residential Mortgages and Sovereign), offset by FX impacts.
- Risk improvements in Corporate and Specialised Lending exposures.

[2] FSA Pro-forma represents estimated March 2011 capital ratio using UK Financial Services Authority capital rules.



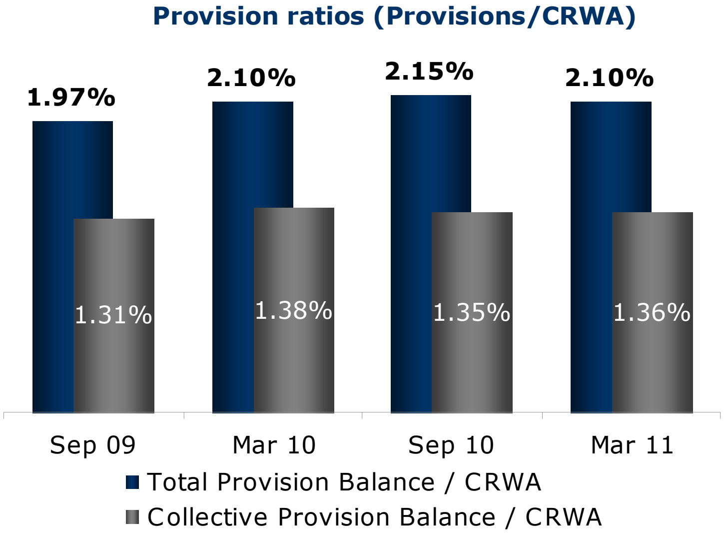
Portfolio average risk weight decreased by 1.0% in the Mar 11 half to 40.7%

- Risk improvements in Corporate and Specialised Lending exposures (down 2.5% and 3.8% respectively).
- Increased proportion of Residential Mortgages.



Impaired Assets declined 5.2% in Mar 11

- Slow down in the emergence of large corporate defaults.
- Increase in restructured, mainly due to a downgrade of a large single name.



Provision coverage ratios remain stable

- Small increase in Collective Provision coverage due to new overlays for natural disasters.
- Total Provision coverage remains stable.

Chapter 2 – Introduction

Purpose of this document

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

APS 330 mandates the release to the investment community and general public of information relating to capital adequacy and risk management practices. APS 330 was established to implement Pillar 3 of the Basel Committee on Banking Supervision's framework for bank capital adequacy, known as 'Basel II'. 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.

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

Comparison to ANZ's published financial results

These disclosures have been produced in accordance with regulatory capital adequacy concepts and rules, rather than in accordance with International Financial Reporting Standards. 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). This estimates the 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, 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.

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 zero (September 2010: zero; March 2010: zero).

Table 2 Capital Structure

Tier 1 capital	**Mar 11** $M	**Sep 10** $M	**Mar 10** $M
Paid-up ordinary share capital	20,839	20,140	19,563
Reserves	(3,143)	(2,574)	(2,225)
Retained earnings	14,732	13,685	13,176
Minority interests	64	64	66
Fundamental Tier 1 capital	**32,492**	**31,315**	**30,580**
Innovative Tier 1 capital	1,597	1,646	1,690
Non-innovative Tier 1 capital	3,751	3,787	3,791
Gross Tier 1 capital	**37,840**	**36,748**	**36,061**
Goodwill	(2,795)	(2,910)	(2,824)
Other deductions from Tier 1 capital only	(4,220)	(4,121)	(3,779)
50/50 deductions from Tier 1 capital	(3,055)	(3,026)	(2,830)
Deductions from Tier 1 capital	**(10,070)**	**(10,057)**	**(9,433)**
Net Tier 1 capital	**27,770**	**26,691**	**26,628**
Tier 2 capital			
Upper Tier 2 capital			
Perpetual subordinated notes	905	946	975
General reserve for impairment of financial assets net of attributable deferred tax asset	264	280	85
Lower Tier 2 capital	6,201	6,644	7,430
Gross Tier 2 capital	**7,370**	**7,870**	**8,490**
Upper and lower Tier 2 capital deductions	(28)	(28)	(28)
50/50 deductions from Tier 2 capital	(3,055)	(3,026)	(2,830)
Deductions from Tier 2 capital	**(3,083)**	**(3,054)**	**(2,858)**
Net Tier 2 capital	**4,287**	**4,816**	**5,632**
Total capital base	**32,057**	**31,507**	**32,260**

Table 3 Capital Adequacy [3] [4]

Risk weighted assets	Mar 11 $M	Sep 10 $M	Mar 10 $M
Subject to Advanced Internal Rating Based (IRB) approach			
Corporate	98,393	101,940	100,945
Sovereign	3,217	2,720	2,470
Bank	6,958	6,135	5,108
Residential Mortgage	40,126	38,708	37,423
Qualifying Revolving Retail	7,552	7,205	7,238
Other Retail	18,485	17,899	17,942
Credit risk weighted assets subject to Advanced IRB approach	**174,731**	**174,607**	**171,126**
Credit Risk Specialised Lending exposures subject to slotting approach	**26,799**	**26,605**	**24,965**
Subject to Standardised approach			
Corporate	21,439	21,281	16,330
Residential Mortgage	406	567	399
Qualifying Revolving Retail	1,792	1,841	4
Other Retail	1,366	1,113	560
Credit risk weighted assets subject to Standardised approach	**25,003**	**24,802**	**17,293**
Credit risk weighted assets relating to securitisation exposures	1,209	2,091	1,975
Credit risk weighted assets relating to equity exposures	1,635	1,577	1,639
Other assets	3,869	3,835	3,377
Total credit risk weighted assets	**233,246**	**233,517**	**220,375**
Market risk weighted assets	2,547	5,652	3,969
Operational risk weighted assets	18,331	17,383	16,481
Interest rate risk in the banking book (IRRBB) risk weighted assets	10,112	7,690	8,136
Total risk weighted assets	**264,236**	**264,242**	**248,961**

Capital ratios (%)			
Level 2 Total capital ratio	**12.1%**	**11.9%**	**13.0%**
Level 2 Tier 1 capital ratio	**10.5%**	**10.1%**	**10.7%**
Level 1: Extended licensed entity Total capital ratio	**12.6%**	**12.3%**	**13.7%**
Level 1: Extended licensed entity Tier 1 capital ratio	**11.4%**	**11.0%**	**11.9%**
Other significant Authorised Deposit-taking Institution (ADI) or overseas bank subsidiary:			
ANZ National Bank Limited - Total capital ratio	**12.9%**	**13.1%**	**13.2%**
ANZ National Bank Limited - Tier 1 capital ratio	**9.6%**	**9.7%**	**9.5%**

[3] Specialised Lending exposures subject to slotting approach are those where the main servicing and repayment is from the asset being financed, and includes specified commercial property development/investment lending, project finance and object finance.

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

Credit Risk Weighted Assets (CRWA)

Total CRWA decreased $0.3 billion (0.1%) from September 2010 to $233.2 billion. The key impacts on the CRWA were an increase of $1.4 billion (3.7%) in IRB Residential Mortgage CRWA driven by growth in the Australian mortgage portfolio and a slight deterioration in credit quality, and a $3.5 billion (3.5%) reduction in IRB Corporate CRWA driven by reduced exposures, a stronger Australian dollar and improved credit quality. Portfolio growth across other asset classes was offset by a stronger Australian dollar and a general improvement in portfolio credit quality.

Market Risk and IRRBB RWA

The $3.1 billion (54.9%) decrease in Market Risk RWA was due to lower levels of traded risk held over the half and the progressive reduction of volatility used in the internal model calculation. For key risk factors, the volatility currently used is still higher than the long run average, however is lower than that observed post the Global Financial Crisis.

IRRBB RWA increased $2.4 billion (31.5%) during the six months to March 2011 as a result of repricing, yield curve risk and an increase in embedded losses.

Chapter 4 – Credit risk

Table 4 Credit risk – General disclosures

Table 4(b): Period end and average Exposure at Default [5][6][7][8]

	Mar 11				
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	98,393	158,912	158,568	175	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**	**438**	**580**
Specialised Lending	**26,799**	**29,207**	**28,521**	**107**	**56**
Standardised approach					
Corporate	21,439	21,440	21,361	25	2
Residential Mortgage	406	1,154	1,317	1	-
Qualifying Revolving Retail	1,792	1,791	1,816	4	25
Other Retail	1,366	1,289	1,201	19	40
Total Standardised approach	**25,003**	**25,674**	**25,695**	**49**	**67**
Total	**226,533**	**561,961**	**555,308**	**594**	**703**

[5] 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.

[6] Individual Provision charge relates to loans and advances, and does not include impairment on Available-For-Sale assets of $16 million in March 2011 (September 2010: $1 million; March 2010: $20 million).

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

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

	Sep 10				
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	101,940	158,224	156,670	209	197
Sovereign	2,720	35,099	34,943	-	-
Bank	6,135	32,681	30,317	(5)	-
Residential Mortgage	38,708	220,055	214,282	65	65
Qualifying Revolving Retail	7,205	20,764	20,580	109	134
Other Retail	17,899	28,283	28,266	140	156
Total Advanced IRB approach	**174,607**	**495,106**	**485,057**	**518**	**552**
Specialised Lending	**26,605**	**27,835**	**27,349**	**173**	**144**
Standardised approach					
Corporate	21,281	21,282	18,807	14	1
Residential Mortgage	567	1,479	1,307	4	-
Qualifying Revolving Retail	1,841	1,841	923	(3)	7
Other Retail	1,113	1,112	836	38	27
Total Standardised approach	**24,802**	**25,714**	**21,872**	**53**	**35**
Total	**226,014**	**548,655**	**534,277**	**744**	**731**

	Mar 10				
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	100,945	155,116	158,996	461	440
Sovereign	2,470	34,786	31,702	-	-
Bank	5,108	27,952	28,698	(18)	8
Residential Mortgage	37,423	208,508	205,045	97	52
Qualifying Revolving Retail	7,238	20,396	20,108	107	128
Other Retail	17,942	28,250	28,451	162	174
Total Advanced IRB approach	**171,126**	**475,008**	**472,999**	**809**	**802**
Specialised Lending	**24,965**	**26,862**	**26,027**	**164**	**136**
Standardised approach					
Corporate	16,330	16,331	14,748	28	1
Residential Mortgage	399	1,135	1,143	2	-
Qualifying Revolving Retail	4	4	2	-	-
Other Retail	560	560	471	23	24
Total Standardised approach	**17,293**	**18,030**	**16,363**	**53**	**25**
Total	**213,384**	**519,900**	**515,389**	**1,026**	**963**

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

	Mar 11			
Portfolio Type	Australia $M	New Zealand $M	Asia Pacific, Europe and Americas $M	Total $M
Corporate	107,394	34,881	38,077	**180,352**
Sovereign	15,427	6,102	15,448	**36,977**
Bank	17,772	2,582	14,620	**34,974**
Residential Mortgage	185,462	41,206	1,145	**227,813**
Qualifying Revolving Retail	21,020	-	1,791	**22,811**
Other Retail	21,726	6,819	1,282	**29,827**
Specialised Lending	22,742	5,651	814	**29,207**
Total exposures	**391,543**	**97,241**	**73,177**	**561,961**

	Sep 10			
Portfolio Type	Australia $M	New Zealand $M	Asia Pacific, Europe and Americas $M	Total $M
Corporate	105,484	37,698	36,324	**179,506**
Sovereign	13,565	7,373	14,161	**35,099**
Bank	17,077	2,958	12,646	**32,681**
Residential Mortgage	178,566	41,565	1,403	**221,534**
Qualifying Revolving Retail	20,764	-	1,841	**22,605**
Other Retail	21,374	6,908	1,112	**29,394**
Specialised Lending	22,015	5,320	500	**27,835**
Total exposures	**378,845**	**101,822**	**67,987**	**548,654**

	Mar 10			
Portfolio Type	Australia $M	New Zealand $M	Asia Pacific, Europe and Americas $M	Total $M
Corporate	103,519	38,761	29,167	**171,447**
Sovereign	12,542	6,879	15,365	**34,786**
Bank	12,031	2,630	13,291	**27,952**
Residential Mortgage	166,496	42,069	1,078	**209,643**
Qualifying Revolving Retail	20,396	-	4	**20,400**
Other Retail	21,325	6,908	577	**28,810**
Specialised Lending	21,014	5,381	467	**26,862**
Total exposures	**357,323**	**102,628**	**59,949**	**519,900**

Table 4(d): Industry distribution of Exposure at Default [9] [10]

Mar 11

Portfolio Type	Agriculture, Forestry, Fishing & Mining $M	Business Services $M	Construction $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	8,908	17,600	1,302	30,240	1,196	14,800	17,778	12,155	8,697	21,558	**180,352**
Sovereign	115	-	39	-	17,493	17,511	110	316	468	2	-	29	894	**36,977**
Bank	-	-	-	-	34,781	-	15	1	21	21	-	47	88	**34,974**
Residential Mortgage	-	-	-	-	-	-	-	227,813	-	-	-	-	-	**227,813**
Qualifying Revolving Retail	-	-	-	-	-	-	-	22,811	-	-	-	-	-	**22,811**
Other Retail	2,337	1,731	2,415	786	303	7	855	15,067	870	612	1,952	1,000	1,892	**29,827**
Specialised Lending	217	-	380	153	160	-	223	6	23,936	-	-	2,088	2,044	**29,207**
Total exposures	**34,993**	**9,735**	**8,624**	**9,847**	**70,337**	**18,820**	**31,443**	**267,210**	**40,095**	**18,413**	**14,107**	**11,861**	**26,476**	**561,961**
% of Total	*6.2%*	*1.7%*	*1.5%*	*1.8%*	*12.5%*	*3.3%*	*5.6%*	*47.5%*	*7.1%*	*3.3%*	*2.5%*	*2.1%*	*4.7%*	*100.0%*

Sep 10

Portfolio Type	Agriculture, Forestry, Fishing & Mining $M	Business Services $M	Construction $M	Entertainment, Leisure & Tourism $M	Financial, Investment & Insurance $M	Government and Official Institutions $M	Manufacturing $M	Personal $M	Property Services $M	Wholesale Trade $M	Retail Trade $M	Transport & Storage $M	Other $M	Total $M
Corporate	34,876	7,815	5,742	9,045	16,395	1,348	28,603	2,557	15,782	15,919	11,707	8,045	21,672	**179,506**
Sovereign	28	1	20	98	16,477	17,101	255	196	152	2	-	28	741	**35,099**
Bank	-	-	4	-	32,430	-	-	-	16	35	-	26	170	**32,681**
Residential Mortgage	-	-	-	-	-	-	-	221,534	-	-	-	-	-	**221,534**
Qualifying Revolving Retail	-	-	-	-	-	-	-	22,605	-	-	-	-	-	**22,605**
Other Retail	2,335	1,709	2,381	762	301	9	838	14,839	902	604	1,908	1,012	1,794	**29,394**
Specialised Lending	187	-	430	154	254	-	236	-	22,461	-	-	1,915	2,198	**27,835**
Total exposures	**37,426**	**9,525**	**8,577**	**10,059**	**65,857**	**18,458**	**29,932**	**261,731**	**39,313**	**16,560**	**13,615**	**11,026**	**26,575**	**548,654**
% of Total	*6.8%*	*1.7%*	*1.6%*	*1.8%*	*12.0%*	*3.4%*	*5.5%*	*47.7%*	*7.2%*	*3.0%*	*2.5%*	*2.0%*	*4.8%*	*100.0%*

[9] 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.

[10] Other industry includes Health & Community Services, Education, Communication Services, Electricity, Gas & Water Supply, and Personal & Other Services.

	Mar 10													
Portfolio Type	Agriculture, Forestry, Fishing & Mining $M	Business Services $M	Construction $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	33,148	7,782	5,629	8,937	14,801	1,368	26,998	2,101	13,699	15,663	11,614	7,575	22,132	**171,447**
Sovereign	33	-	21	-	17,929	15,854	201	73	43	-	-	-	632	**34,786**
Bank	-	-	-	-	27,648	-	62	-	-	72	-	64	106	**27,952**
Residential Mortgage	-	-	-	-	-	-	-	209,643	-	-	-	-	-	**209,643**
Qualifying Revolving Retail	-	-	-	-	-	-	-	20,400	-	-	-	-	-	**20,400**
Other retail	2,319	1,691	2,380	753	304	8	821	13,922	891	595	1,868	1,072	2,186	**28,810**
Specialised Lending	288	-	60	155	407	-	250	-	21,141	-	-	2,086	2,475	**26,862**
Total exposures	**35,788**	**9,473**	**8,090**	**9,845**	**61,089**	**17,230**	**28,332**	**246,139**	**35,774**	**16,330**	**13,482**	**10,797**	**27,531**	**519,900**
% of Total	*6.9%*	*1.8%*	*1.6%*	*1.9%*	*11.8%*	*3.3%*	*5.4%*	*47.3%*	*6.9%*	*3.1%*	*2.6%*	*2.1%*	*5.3%*	*100.0%*

Table 4(e): Residual contractual maturity of Exposure at Default [11]

	Mar 11				
Portfolio Type	< 12 mths $M	1 - 5 years $M	> 5 years $M	No Maturity Specified $M	Total $M
Corporate	84,032	76,952	19,289	79	**180,352**
Sovereign	19,111	14,565	3,301	-	**36,977**
Bank	17,960	16,844	170	-	**34,974**
Residential Mortgage	1,985	4,190	193,177	28,461	**227,813**
Qualifying Revolving Retail	-	-	-	22,811	**22,811**
Other Retail	9,962	13,108	6,137	620	**29,827**
Specialised Lending	10,604	15,304	3,255	44	**29,207**
Total exposures	**143,654**	**140,963**	**225,329**	**52,015**	**561,961**

	Sep 10				
Portfolio Type	< 12 mths $M	1 - 5 years $M	> 5 years $M	No Maturity Specified $M	Total $M
Corporate	81,511	78,005	19,746	244	**179,506**
Sovereign	18,778	14,199	2,122	-	**35,099**
Bank	16,999	15,469	213	-	**32,681**
Residential Mortgage	1,850	4,210	187,467	28,007	**221,534**
Qualifying Revolving Retail	-	-	-	22,605	**22,605**
Other Retail	9,924	13,051	5,701	718	**29,394**
Specialised Lending	9,603	14,833	3,380	19	**27,835**
Total exposures	**138,665**	**139,767**	**218,629**	**51,593**	**548,654**

	Mar 10				
Portfolio Type	< 12 mths $M	1 - 5 years $M	> 5 years $M	No Maturity Specified $M	Total $M
Corporate	78,241	73,191	19,650	365	**171,447**
Sovereign	13,043	18,675	3,068	-	**34,786**
Bank	18,688	9,124	140	-	**27,952**
Residential Mortgage	1,793	4,347	176,859	26,644	**209,643**
Qualifying Revolving Retail	-	-	-	20,400	**20,400**
Other Retail	9,808	13,014	5,414	574	**28,810**
Specialised Lending	9,942	13,360	3,536	24	**26,862**
Total exposures	**131,515**	**131,711**	**208,667**	**48,007**	**519,900**

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

Table 4(f) part (i): Impaired assets [12 13], Past due loans [14], Provisions [15] and Write-offs by Industry sector

	Mar 11					
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	-	1,361	217	245	83	17
Business Services	-	203	36	87	21	25
Construction	-	128	41	50	12	8
Entertainment Leisure & Tourism	-	46	7	18	2	5
Financial, Investment & Insurance	-	303	6	60	17	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	6	484	40	101	19	14
Total	**41**	**6,180**	**1,955**	**1,717**	**594**	**703**

	Sep 10					
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	2	1,197	165	217	73	35
Business Services	-	218	50	102	16	21
Construction	-	98	35	44	23	47
Entertainment Leisure & Tourism	-	49	9	21	5	5
Financial, Investment & Insurance	-	448	11	96	23	80
Government & Official Institutions	-	-	-	-	-	-
Manufacturing	2	402	22	197	7	31
Personal	-	1,084	1,057	611	311	341
Property Services	41	1,831	88	257	179	72
Retail Trade	-	171	37	79	23	12
Transport & Storage	-	80	23	38	10	9
Wholesale Trade	-	353	18	101	13	14
Other	6	578	40	112	61	63
Total	**51**	**6,510**	**1,555**	**1,875**	**744**	**731**

[12] Impaired derivatives include a credit valuation adjustment (CVA) of $71 million, being a market value based assessment of the credit risk of the relevant counterparties (September 2010: $77 million; March 2010: $61 million).

[13] Impaired loans / facilities include restructured items of $704 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 2010: $141 million; March 2010: $560 million).

[14] Past due loans ≥ 90 days includes $1,810 million well secured loans (September 2010: $1,416 million; March 2010: $1,370 million).

[15] Individual Provision charge relates to loans and advances, and does not include impairment on Available-For-Sale of $16 million in March 2011 (September 2010: $1 million; March 2010: $20 million).

Industry Sector	Mar 10 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	4	934	164	170	94	3
Business Services	-	268	66	103	23	35
Construction	-	119	42	62	37	14
Entertainment Leisure & Tourism	-	38	11	23	9	2
Financial, Investment & Insurance	-	864	14	173	(3)	107
Government & Official Institutions	-	-	-	-	-	-
Manufacturing	3	559	28	185	101	128
Personal	-	780	996	373	335	306
Property Services	48	1,755	102	207	222	190
Retail Trade	-	148	37	63	27	16
Transport & Storage	-	85	19	41	22	7
Wholesale Trade	-	255	18	84	67	67
Other	12	689	26	109	92	88
Total	**67**	**6,494**	**1,523**	**1,593**	**1,026**	**963**

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

	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	175	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**	**438**	**580**
Specialised Lending	**19**	**1,404**	**60**	**252**	**107**	**56**
Portfolios subject to Standardised approach						
Corporate	-	401	195	188	25	2
Sovereign	-	-	-	-	-	-
Bank	-	-	-	-	-	-
Residential Mortgage	-	14	2	6	1	-
Qualifying Revolving Retail	-	79	12	84	4	25
Other Retail	-	171	36	149	19	40
Total Standardised approach	**-**	**665**	**245**	**427**	**49**	**67**
Total	**41**	**6,180**	**1,955**	**1,717**	**594**	**703**

	Sep 10					
	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	33	3,331	233	751	209	197
Sovereign	-	-	-	-	-	-
Bank	-	97	-	28	(5)	-
Residential Mortgage	-	574	881	215	65	65
Qualifying Revolving Retail	-	-	84	-	109	134
Other Retail	-	362	139	225	140	156
Total Advanced IRB approach	**33**	**4,364**	**1,337**	**1,219**	**518**	**552**
Specialised Lending	**18**	**1,509**	**65**	**214**	**173**	**144**
Portfolios subject to Standardised approach						
Corporate	-	298	97	156	14	1
Sovereign	-	-	-	-	-	-
Bank	-	-	-	-	-	-
Residential Mortgage	-	21	3	6	4	-
Qualifying Revolving Retail	-	106	13	106	(3)	7
Other Retail	-	212	40	174	38	27
Total Standardised approach	**-**	**637**	**153**	**442**	**53**	**35**
Total	**51**	**6,510**	**1,555**	**1,875**	**744**	**731**

	Mar 10					
	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	47	3,524	258	797	461	440
Sovereign	-	-	-	-	-	-
Bank	-	123	-	33	(18)	8
Residential Mortgage	-	511	849	234	97	52
Qualifying Revolving Retail	-	-	78	-	107	128
Other Retail	-	344	141	202	162	174
Total Advanced IRB approach	**47**	**4,502**	**1,326**	**1,266**	**809**	**802**
Specialised Lending	**20**	**1,801**	**80**	**219**	**164**	**136**
Portfolios subject to Standardised approach						
Corporate	-	144	94	77	28	1
Sovereign	-	-	-	-	-	-
Bank	-	-	-	-	-	-
Residential Mortgage	-	17	4	5	2	-
Qualifying Revolving Retail	-	-	-	-	-	-
Other Retail	-	30	19	26	23	24
Total Standardised approach	**-**	**191**	**117**	**108**	**53**	**25**
Total	**67**	**6,494**	**1,523**	**1,593**	**1,026**	**963**

Table 4(g): Impaired assets [16] [17], Past due loans [18] and Provisions [19] by Geography

	Mar 11				
Geographic region	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**

	Sep 10				
Geographic region	Impaired derivatives $M	Impaired loans/ facilities $M	Past due loans ≥ 90 days $M	Individual provision balance $M	Collective provision balance $M
Australia	51	4,232	1,234	977	2,021
New Zealand	-	1,582	238	469	612
Asia Pacific, Europe and America	-	696	83	429	520
Total	**51**	**6,510**	**1,555**	**1,875**	**3,153**

	Mar 10				
Geographic region	Impaired derivatives $M	Impaired loans/ facilities $M	Past due loans ≥ 90 days $M	Individual provision balance $M	Collective provision balance $M
Australia	67	4,441	1,162	1,009	2,013
New Zealand	-	1,424	286	471	672
Asia Pacific, Europe and America	-	629	75	113	352
Total	**67**	**6,494**	**1,523**	**1,593**	**3,037**

[16] Impaired derivatives include a credit valuation adjustment (CVA) of $71 million, being a market value based assessment of the credit risk of the relevant counterparties (September 2010: $77 million; March 2010: $61 million).

[17] Impaired loans / facilities include restructured items of $704 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 2010: $141 million; March 2010: $560 million).

[18] Past due loans ≥ 90 days includes $1,810 million well secured loans (September 2010: $1,416 million; March 2010: $1,370 million).

[19] Individual Provision charge relates to loans and advances, and does not include impairment on Available-For-Sale of $16 million in March 2011 (September 2010: $1 million; March 2010: $20 million).

Table 4(h): Reconciliation of changes in Provisions

Collective Provision	Half year Mar 11 $M	Half year Sep 10 $M	Half year Mar 10 $M
Balance at start of period	3,153	3,037	3,000
Charge to income statement	65	(40)	36
Provisions acquired	-	191	49
Adjustments for exchange rate fluctuations	(41)	(35)	(48)
Total Collective Provision	**3,177**	**3,153**	**3,037**
Individual Provision			
Balance at start of period	1,875	1,593	1,526
Charge to income statement for loans and advances	594	744	1,026
Provisions acquired	-	355	39
Adjustments for exchange rate fluctuations	(43)	(68)	(32)
Discount unwind	(103)	(104)	(61)
Bad debts written-off	(703)	(730)	(963)
Recoveries of amounts previously written off	97	85	58
Total Individual Provision	**1,717**	**1,875**	**1,593**
Total Provisions for Credit Impairment	**4,894**	**5,028**	**4,630**

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

	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**

	Sep 10		
	Specific Provision Balance $M	General Reserve for Credit Losses $M	Total $M
Collective Provision	233	2,920	3,153
Individual Provision	1,875	-	1,875
Total Provision for Credit Impairment			**5,028**

	Mar 10		
	Specific Provision Balance $M	General Reserve for Credit Losses $M	Total $M
Collective Provision	260	2,777	3,037
Individual Provision	1,593	-	1,593
Total Provision for Credit Impairment			**4,630**

[20] There is a difference in the split between ANZ's Individual Provision and Collective Provision for accounting purposes and Specific Provision balance and General Reserve for Credit Losses (GRCL) for regulatory purposes, due to definitional differences. This difference 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 ANZ's 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 11 $M	Sep 10 $M	Mar 10 $M
0%	-	-	-
20%	2	3	3
35%	1,148	1,177	1,125
50%	-	292	10
75%	-	1	-
100%	24,368	24,239	16,892
150%	156	2	-
>150%	-	-	-
Capital deductions	-	-	-
Total	**25,674**	**25,714**	**18,030**
Other Asset exposures			
0%		-	-
20%	1,746	1,625	1,746
35%	-	-	-
50%	-	-	-
75%	-	-	-
100%	3,520	3,510	3,028
150%	-	-	-
>150%	-	-	-
Capital deductions	-	-	-
Total	**5,266**	**5,135**	**4,774**
Specialised Lending exposures			
0%	1,500	1,660	1,817
70%	9,218	6,993	6,531
90%	12,279	12,026	11,296
115%	4,615	5,189	5,791
250%	1,595	1,968	1,427
Total	**29,207**	**27,836**	**26,862**
Equity exposures			
300%	2	-	-
400%	407	394	410
Total	**409**	**394**	**410**

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 IRB portfolios:

IRB Asset Class	Borrower type	Rating approach
Sovereign	Central governments Central banks Certain multilateral development banks	AIRB
Bank	Banks [21] In Australia only, other Authorised Deposit-taking Institutions (ADIs) incorporated in Australia	AIRB
Corporate	Corporations, partnerships or proprietorships that do not fit into any other asset class	AIRB
Specialised Lending	Income Producing Real Estate [22] Project Finance Object Finance	AIRB – Supervisory Slotting [23]
Residential Mortgages	Exposures secured by residential property	AIRB
Qualifying Revolving Retail	Consumer credit cards <$100k limit	AIRB
Other Retail	Small business lending Other lending to consumers	AIRB
Equity	Equity investments	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, EAD and LGD 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.

ANZ has not applied the Foundation IRB approach to any portfolios.

The ANZ rating system

As an IRB 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 expected loss 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.

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

[22] 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.

[23] 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 generally 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 factors where ANZ's LGD methodology 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 non retail 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, 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	S&P	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 two specialised PD master scales for the mapping of Sovereign and Bank PDs to external rating agency ratings.

Table 6(d): Non Retail Exposure at Default subject to Internal Ratings Based (IRB) approach [24 25 26]

	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%**

[24] In accordance with APS 330, Exposure at Default 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).

[25] Average Exposure at Default is calculated as total Exposure at Default divided by the total number of credit risk generating exposures.

[26] Exposure-weighted average risk weight (%) is calculated as RWA divided by Exposure at Default.

	Sep 10							
	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	6,423	30,304	48,335	59,584	6,611	2,951	4,015	**158,223**
Sovereign	30,545	2,271	40	1,981	260	-	2	**35,099**
Bank	28,084	2,365	1,505	610	10	13	94	**32,681**
Total	**65,052**	**34,940**	**49,880**	**62,175**	**6,881**	**2,964**	**4,111**	**226,003**
% of Total	28.8%	15.5%	22.1%	27.5%	3.0%	1.3%	1.8%	100.0%
Undrawn commitments (included in above)								
Corporate	1,455	15,973	15,872	10,690	666	339	159	**45,154**
Sovereign	952	167	4	39	1	-	-	**1,163**
Bank	76	17	35	51	-	-	-	**179**
Total	**2,483**	**16,157**	**15,911**	**10,780**	**667**	**339**	**159**	**46,496**
Average Exposure at Default								
Corporate	0.675	1.003	0.300	0.253	0.415	0.323	0.772	**0.274**
Sovereign	11.458	6.774	0.882	4.371	29.044	-	0.153	**6.404**
Bank	0.621	0.950	1.913	0.511	0.143	38.725	7.831	**0.532**
Exposure-weighted average Loss Given Default (%)								
Corporate	59.2%	59.6%	46.4%	37.3%	40.5%	44.5%	39.5%	**45.6%**
Sovereign	2.6%	4.9%	38.2%	54.9%	42.3%	-	59.0%	**6.1%**
Bank	62.7%	64.0%	63.7%	54.9%	61.4%	66.5%	64.2%	**62.7%**
Exposure-weighted average risk weight (%)								
Corporate	18.4%	34.4%	50.4%	75.1%	129.2%	208.1%	162.3%	**64.4%**
Sovereign	0.4%	2.0%	60.8%	110.4%	126.3%	-	781.7%	**7.7%**
Bank	13.8%	21.9%	58.9%	105.7%	205.6%	324.5%	160.5%	**18.8%**

	Mar 10							
	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	6,403	28,468	45,854	61,453	6,095	2,602	4,241	**155,116**
Sovereign	30,821	1,919	145	1,589	310	-	2	**34,786**
Bank	24,928	1,557	865	472	12	13	105	**27,952**
Total	**62,152**	**31,944**	**46,864**	**63,514**	**6,417**	**2,615**	**4,348**	**217,854**
% of Total	28.5%	14.7%	21.5%	29.2%	2.9%	1.2%	2.0%	100.0%
Undrawn commitments (included in above)								
Corporate	1,697	12,834	15,717	11,330	572	186	270	**42,606**
Sovereign	977	91	2	13	2	-	-	**1,085**
Bank	223	10	6	41	-	-	-	**280**
Total	**2,897**	**12,935**	**15,725**	**11,384**	**574**	**186**	**270**	**43,971**
Average Exposure at Default								
Corporate	0.712	1.077	0.354	0.256	0.424	0.223	0.655	**0.285**
Sovereign	14.608	6.280	5.625	7.736	20.796	-	0.162	**7.988**
Bank	0.947	0.923	0.696	0.410	0.219	0.362	7.012	**0.658**
Exposure-weighted average Loss Given Default (%)								
Corporate	59.9%	58.9%	45.3%	38.2%	40.0%	39.3%	41.8%	**45.2%**
Sovereign	2.5%	4.9%	58.7%	55.3%	41.7%	85.0%	59.0%	**5.6%**
Bank	62.7%	63.2%	65.3%	67.0%	62.7%	74.7%	63.0%	**62.9%**
Exposure-weighted average risk weight (%)								
Corporate	16.9%	33.5%	49.1%	78.3%	128.7%	180.9%	167.3%	**65.1%**
Sovereign	0.5%	2.2%	68.9%	112.1%	124.8%	397.4%	781.7%	**7.1%**
Bank	13.7%	22.3%	64.2%	117.7%	208.0%	349.0%	157.5%	**18.3%**

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

	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% < 100.00 % $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%**

Sep 10	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	**Total $M**
Exposure at Default								
Residential Mortgage	4,152	143,452	16,817	43,586	6,174	4,294	1,581	**220,056**
Qualifying Revolving Retail	10,596	290	1,925	4,901	1,953	958	141	**20,764**
Other Retail	37	3,439	1,377	16,781	5,133	877	639	**28,283**
Total	**14,785**	**147,181**	**20,119**	**65,268**	**13,260**	**6,129**	**2,361**	**269,103**
% of Total	5.5%	54.7%	7.5%	24.3%	4.9%	2.3%	0.9%	100.0%
Undrawn commitments (included in above)								
Residential Mortgage	523	16,527	1,705	2,859	249	219	9	**22,091**
Qualifying Revolving Retail	8,248	289	1,265	2,243	600	112	14	**12,771**
Other Retail	34	2,430	880	2,328	255	62	2	**5,991**
Total	**8,805**	**19,246**	**3,850**	**7,430**	**1,104**	**393**	**25**	**40,853**
Average Exposure at Default								
Residential Mortgage	0.100	0.206	0.155	0.182	0.180	0.166	0.255	**0.183**
Qualifying Revolving Retail	0.011	0.006	0.010	0.009	0.008	0.007	0.008	**0.010**
Other Retail	0.006	0.010	0.011	0.014	0.009	0.007	0.035	**0.012**
Exposure-weighted average Loss Given Default (%)								
Residential Mortgage	22.7%	20.2%	20.4%	20.8%	20.3%	20.6%	21.6%	**20.4%**
Qualifying Revolving Retail	73.2%	73.2%	73.2%	73.2%	73.2%	73.2%	73.2%	**73.2%**
Other Retail	72.2%	62.0%	56.6%	44.7%	48.4%	65.5%	56.5%	**49.0%**
Exposure-weighted average risk weight (%)								
Residential Mortgage	4.9%	7.1%	15.1%	28.7%	74.6%	113.6%	239.8%	**17.6%**
Qualifying Revolving Retail	4.8%	11.3%	14.0%	38.7%	106.5%	205.7%	316.7%	**34.7%**
Other Retail	18.4%	28.6%	38.2%	58.3%	76.4%	159.4%	199.4%	**63.3%**

Mar 10	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	**Total $M**
Exposure at Default								
Residential Mortgage	2,990	124,525	32,335	37,732	5,783	3,649	1,494	**208,508**
Qualifying Revolving Retail	10,390	274	1,824	4,688	2,044	1,019	157	**20,396**
Other Retail	30	3,440	1,772	16,577	4,932	876	623	**28,250**
Total	**13,410**	**128,239**	**35,931**	**58,997**	**12,759**	**5,544**	**2,274**	**257,154**
% of Total	5.2%	49.9%	14.0%	22.9%	5.0%	2.2%	0.9%	100.0%
Undrawn commitments (included in above)								
Residential Mortgage	381	14,107	2,816	2,482	235	91	10	**20,122**
Qualifying Revolving Retail	8,068	274	1,194	2,151	628	128	25	**12,468**
Other Retail	26	2,283	1,174	2,121	262	55	7	**5,928**
Total	**8,475**	**16,664**	**5,184**	**6,754**	**1,125**	**274**	**42**	**38,518**
Average Exposure at Default								
Residential Mortgage	0.037	0.202	0.220	0.177	0.172	0.172	0.258	**0.179**
Qualifying Revolving Retail	0.011	0.006	0.010	0.008	0.008	0.007	0.008	**0.009**
Other Retail	0.001	0.011	0.007	0.015	0.010	0.007	0.028	**0.012**
Exposure-weighted average Loss Given Default (%)								
Residential Mortgage	20.8%	20.0%	21.8%	20.6%	20.3%	20.5%	21.6%	**20.4%**
Qualifying Revolving Retail	73.2%	73.2%	73.2%	73.2%	73.2%	73.2%	73.2%	**73.2%**
Other Retail	71.2%	61.4%	60.3%	44.4%	48.6%	65.1%	58.5%	**49.2%**
Exposure-weighted average risk weight (%)								
Residential Mortgage	5.1%	6.8%	16.1%	30.3%	76.5%	113.5%	237.9%	**18.0%**
Qualifying Revolving Retail	4.7%	11.0%	13.6%	38.1%	106.0%	205.2%	271.7%	**35.5%**
Other Retail	18.1%	29.0%	41.7%	58.7%	76.5%	158.6%	209.7%	**63.5%**

Table 6(e): Actual Losses by portfolio type [27] [28]

Basel Asset Class	Half year Mar 11 Individual provision charge $M	Write-offs $M
Corporate	175	263
Sovereign	-	-
Bank	(8)	-
Residential Mortgage	23	40
Qualifying Revolving Retail	115	135
Other Retail	133	142
Total Advanced IRB	**438**	**580**
Specialised Lending	107	56
Standardised approach	49	67
Total	**594**	**703**

Basel Asset Class	Half year Sep 10 Individual provision charge $M	Write-offs $M
Corporate	209	197
Sovereign	-	-
Bank	(5)	-
Residential Mortgage	65	65
Qualifying Revolving Retail	109	134
Other Retail	140	156
Total Advanced IRB	**518**	**552**
Specialised Lending	173	144
Standardised approach	53	35
Total	**744**	**731**

Basel Asset Class	Half year Mar 10 Individual provision charge $M	Write-offs $M
Corporate	461	440
Sovereign	-	-
Bank	(18)	8
Residential Mortgage	97	52
Qualifying Revolving Retail	107	128
Other Retail	162	174
Total Advanced IRB	**809**	**802**
Specialised Lending	164	136
Standardised approach	53	25
Total	**1,026**	**963**

Most portfolios experienced a reduction in provisions and write-offs during the half year to March 2011, reflecting lower defaults due to improved economies and reduction in large single name defaults that emerged during the Global Financial Crisis. The exceptions were small increases in provisions in Qualifying Revolving Retail due to seasonal factors, and a small increase in write-offs following a period of portfolio growth in the Standardised approach portfolios.

[27] Individual Provision charge relates to loans and advances, and does not include impairment on Available-For-Sale assets of $16 million in March 2011 (September 2010: $1 million; March 2010: $20 million)

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

Table 6(f): Analysis of expected versus actual losses by portfolio type [29]

	Mar 10	Mar 11
	One year regulatory expected loss estimate $M	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**

	Sep 09	Sep 10
	One year regulatory expected loss estimate $M	Actual losses for 12 months (Write-offs) $M
Corporate	1,644	637
Sovereign	7	-
Bank	58	8
Residential Mortgage	561	117
Qualifying Revolving Retail	396	262
Other Retail	813	330
Specialised Lending	1,050	280
Total Advanced IRB and Specialised Lending	**4,529**	**1,634**

	Mar 09	Mar 10
	One year regulatory expected loss estimate $M	Actual losses for 12 months (Write-offs) $M
Corporate	1,836	985
Sovereign	7	-
Bank	30	5
Residential Mortgage	469	84
Qualifying Revolving Retail	369	266
Other Retail	614	419
Specialised Lending	855	262
Total Advanced IRB and Specialised Lending	**4,180**	**2,021**

The Regulatory Expected Loss (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

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

- There is typically a time lag between default and write-offs representing the workout period where recovery options are identified and pursued.

Table 7 Credit risk mitigation disclosures

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

	Mar 11				
	Exposure $M	Eligible Financial Collateral $M	Other Eligible Collateral $M	Total Exposure post Credit Risk Mitigation $M	% Coverage
Standardised approach					
Corporate	22,216	776	-	21,440	3.5%
Sovereign	-	-	-	-	0.0%
Bank	-	-	-	-	0.0%
Residential Mortgage	1,154	-	-	1,154	0.0%
Qualifying Revolving Retail	1,791	-	-	1,791	0.0%
Other Retail	1,290	1	-	1,289	0.1%
Total	**26,451**	**777**	**-**	**25,674**	**2.9%**

	Sep 10				
	Exposure $M	Eligible Financial Collateral $M	Other Eligible Collateral $M	Total Exposure post Credit Risk Mitigation $M	% Coverage
Standardised approach					
Corporate	22,050	768	-	21,282	3.5%
Sovereign	-	-	-	-	0.0%
Bank	-	-	-	-	0.0%
Residential Mortgage	1,479	-	-	1,479	0.0%
Qualifying Revolving Retail	1,841	-	-	1,841	0.0%
Other Retail	1,112	-	-	1,112	0.0%
Total	**26,482**	**768**	**-**	**25,714**	**2.9%**

	Mar 10				
	Exposure $M	Eligible Financial Collateral $M	Other Eligible Collateral $M	Total Exposure post Credit Risk Mitigation $M	% Coverage
Standardised approach					
Corporate	16,831	500	-	16,331	3.0%
Sovereign	-	-	-	-	0.0%
Bank	-	-	-	-	0.0%
Residential Mortgage	1,135	-	-	1,135	0.0%
Qualifying Revolving Retail	4	-	-	4	0.0%
Other Retail	560	-	-	560	0.0%
Total	**18,530**	**500**	**-**	**18,030**	**2.7%**

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

Table 7(c): Credit risk mitigation – guarantees and credit derivatives [31]

	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	21,440	-	-	21,440	0.0%
Sovereign	-	-	-	-	0.0%
Bank	-	-	-	-	0.0%
Residential Mortgage	1,154	-	-	1,154	0.0%
Qualifying Revolving Retail	1,791	-	-	1,791	0.0%
Other Retail	1,289	-	-	1,289	0.0%
Total	**25,674**	**-**	**-**	**25,674**	**0.0%**

	Sep 10				
	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)	192,037	16,497	229	186,059	8.7%
Sovereign	25,365	30	-	35,099	0.1%
Bank	36,666	4,236	-	32,681	11.6%
Residential Mortgage	220,055	-	-	220,055	0.0%
Qualifying Revolving Retail	20,764	-	-	20,764	0.0%
Other Retail	28,282	-	-	28,282	0.0%
Total	**523,169**	**20,763**	**229**	**522,940**	**4.0%**
Standardised approach					
Corporate	21,282	-	-	21,282	0.0%
Sovereign	-	-	-	-	0.0%
Bank	-	-	-	-	0.0%
Residential Mortgage	1,479	-	-	1,479	0.0%
Qualifying Revolving Retail	1,841	-	-	1,841	0.0%
Other Retail	1,112	-	-	1,112	0.0%
Total	**25,714**	**-**	**-**	**25,714**	**0.0%**

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

	Mar 10				
	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)	185,540	13,500	378	181,978	7.5%
Sovereign	26,937	30	-	34,786	0.1%
Bank	32,617	4,970	-	27,952	15.2%
Residential Mortgage	208,508	-	-	208,508	0.0%
Qualifying Revolving Retail	20,396	-	-	20,396	0.0%
Other Retail	28,250	-	-	28,250	0.0%
Total	**502,248**	**18,500**	**378**	**501,870**	**3.8%**
Standardised approach					
Corporate	16,331	-	-	16,331	0.0%
Sovereign	-	-	-	-	0.0%
Bank	-	-	-	-	0.0%
Residential Mortgage	1,135	-	-	1,135	0.0%
Qualifying Revolving Retail	4	-	-	4	0.0%
Other Retail	560	-	-	560	0.0%
Total	**18,030**	**-**	**-**	**18,030**	**0.0%**

Chapter 5 – Securitisation

Table 9 Securitisation disclosures

Table 9(d): Traditional and synthetic securitisation Exposure at Default [32] [33]

Traditional securitisations

Underlying asset	Mar 11 ANZ originated $M	Third party originated $M	Other Services $M	Facilities provided $M
Residential mortgage	184	-	-	1,641
Credit cards and other personal loans	-	-	-	18
Auto and equipment finance	-	-	-	808
Commercial loans	-	-	-	21
Other	-	-	-	2,434
Total	**184**	**-**	**-**	**4,922**

Synthetic securitisations

Underlying asset	ANZ originated $M	Third party originated $M	Other Services $M	Facilities provided $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	Third party originated $M	Other Services $M	Facilities provided $M
Residential mortgage	184	-	-	1,641
Credit cards and other personal loans	-	-	-	18
Auto and equipment finance	-	-	-	808
Commercial loans	-	-	-	21
Other	-	-	-	2,434
Total	**184**	**-**	**-**	**4,922**

[32] For the ANZ originated and Third party originated columns the value shown is the current outstanding value of the assets originated. For the Facilities provided column the value shown is the Exposure at Default of facilities extended to securitisation undertaken by third parties where ANZ does not act as an originator.

[33] Total Exposure at Default in Table 9(d) varies from that presented in remaining tables by $45 million. This amount is included in total asset value of ANZ originated securitisations, however is excluded from facilities provided in Table 9(d) to avoid double counting.

Traditional securitisations

	Sep 10			
Underlying asset	ANZ originated $M	Third party originated $M	Other Services $M	Facilities provided $M
Residential mortgage	211	-	-	1,908
Credit cards and other personal loans	-	-	-	18
Auto and equipment finance	-	-	-	542
Commercial loans	-	-	-	22
Other	-	-	-	2,887
Total	**211**	**-**	**-**	**5,377**

Synthetic securitisations

Underlying asset	ANZ originated $M	Third party originated $M	Other Services $M	Facilities provided $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	Third party originated $M	Other Services $M	Facilities provided $M
Residential mortgage	211	-	-	1,908
Credit cards and other personal loans	-	-	-	18
Auto and equipment finance	-	-	-	542
Commercial loans	-	-	-	22
Other	-	-	-	2,887
Total	**211**	**-**	**-**	**5,377**

Traditional securitisations

	Mar 10			
Underlying asset	ANZ originated $M	Third party originated $M	Other Services $M	Facilities provided $M
Residential mortgage	242	-	-	1,626
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	870
Commercial loans	-	-	-	161
Other	-	-	-	3,626
Total	**242**	**-**	**-**	**6,283**

Synthetic securitisations

Underlying asset	ANZ originated $M	Third party originated $M	Other Services $M	Facilities provided $M
Residential mortgage	-	-	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	246
Total	**-**	**-**	**-**	**246**

Aggregate of traditional and synthetic securitisations

Underlying asset	ANZ originated $M	Third party originated $M	Other Services $M	Facilities provided $M
Residential mortgage	242	-	-	1,626
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	870
Commercial loans	-	-	-	161
Other	-	-	-	3,872
Total	**242**	**-**	**-**	**6,529**

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

	Mar 11			
Underlying asset	ANZ originated $M	Impaired $M	Past due $M	Losses recognised for the six months ended $M
Residential mortgage	184	-	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	**184**	**-**	**-**	**-**

	Sep 10			
Underlying asset	ANZ originated $M	Impaired $M	Past due $M	Losses recognised for the six months ended $M
Residential mortgage	211	-	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	**211**	**-**	**-**	**-**

	Mar 10			
Underlying asset	ANZ originated $M	Impaired $M	Past due $M	Losses recognised for the six months ended $M
Residential mortgage	242	-	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	**242**	**-**	**-**	**-**

Table 9(f): Securitisation – Exposure at Default by exposure type [34]

Securitisation exposure type	**Mar 11** $M	**Sep 10** $M	**Mar 10** $M
Liquidity facilities	2,002	2,529	2,888
Funding facilities	2,486	2,549	3,034
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	26	25	26
Holdings of securities (excluding trading book)	453	319	626
Other	-	-	-
Total	**4,967**	**5,422**	**6,574**

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

Table 9(g) part (i): Securitisation – Exposure at Default by risk weight band

	Mar 11	
Securitisation risk weights	Exposure at Default $M	Risk weighted assets $M
≤ 25%	3,914	469
>25 ≤ 35%	90	32
>35 ≤ 50%	-	-
>50 ≤ 75%	185	98
>75 ≤ 100%	536	536
>100 ≤ 650%	49	74
1250% (Deduction)	193	-
Total	**4,967**	**1,209**

	Sep 10	
Securitisation risk weights	Exposure at Default $M	Risk weighted assets $M
≤ 25%	3,230	369
>25 ≤ 35%	146	51
>35 ≤ 50%	20	10
>50 ≤ 75%	186	98
>75 ≤ 100%	1,482	1,482
>100 ≤ 650%	54	81
1250% (Deduction)	304	-
Total	**5,422**	**2,091**

	Mar 10	
Securitisation risk weights	Exposure at Default $M	Risk weighted assets $M
≤ 25%	4,772	517
>25 ≤ 35%	-	-
>35 ≤ 50%	20	10
>50 ≤ 75%	14	10
>75 ≤ 100%	1,388	1,388
>100 ≤ 650%	20	50
1250% (Deduction)	360	-
Total	**6,574**	**1,975**

Table 9(g) part (ii): Securitisation – Aggregate securitisation exposures by risk weight band

	Mar 11		
Securitisation exposures deducted from Capital	Deductions from Tier 1 Capital $M	Deductions from Tier 2 Capital $M	**Total $M**
Residential mortgage	-	-	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	96	96	192
Total	**96**	**96**	**192**

	Sep 10		
Securitisation exposures deducted from Capital	Deductions from Tier 1 Capital $M	Deductions from Tier 2 Capital $M	**Total $M**
Residential mortgage	-	-	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	152	152	304
Total	**152**	**152**	**304**

	Mar 10		
Securitisation exposures deducted from Capital	Deductions from Tier 1 Capital $M	Deductions from Tier 2 Capital $M	**Total $M**
Residential mortgage	-	-	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	180	180	360
Total	**180**	**180**	**360**

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

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

Table 9(j): Securitisation – Summary of current year's activity by underlying asset type and facility [35]

	For the six months to 31 Mar 11		
	Original value securitised		
Securitisation activity by underlying asset type	ANZ originated $M	Third party originated $M	Recognised gain or loss on sale $M
Residential mortgage	-	1,525	-
Credit cards and other personal loans	-	157	-
Auto and equipment finance	-	695	-
Commercial loans	-	-	-
Other	-	-	-
Total	**-**	**2,377**	**-**

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**

	For the six months to 30 Sep 10		
	Original value securitised		
Securitisation activity by underlying asset type	ANZ originated $M	Third party originated $M	Recognised gain or loss on sale $M
Residential mortgage	-	971	-
Credit cards and other personal loans	-	139	-
Auto and equipment finance	-	830	-
Commercial loans	-	-	-
Other	-	152	-
Total	**-**	**2,092**	**-**

Securitisation activity by facility provided	Notional amount $M
Liquidity facilities	-
Funding facilities	599
Underwriting facilities	-
Lending facilities	-
Credit enhancements	-
Holdings of securities (excluding trading book)	29
Other	-
Total	**628**

[35] For the ANZ originated and Third party originated columns the value shown is the current outstanding value of the assets originated. For the Facilities provided column the value shown is the Exposure at Default of facilities extended to securitisation undertaken by third parties where ANZ does not act as an originator.

	For the six months to 31 Mar 10		
	Original value securitised		
Securitisation activity by underlying asset type	ANZ originated $M	Third party originated $M	Recognised gain or loss on sale $M
Residential mortgage	-	505	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	164	-
Total	**-**	**669**	**-**

Securitisation activity by facility provided	Notional amount $M
Liquidity facilities	-
Funding facilities	229
Underwriting facilities	-
Lending facilities	-
Credit enhancements	-
Holdings of securities (excluding trading book)	-
Other	-
Total	**229**

Chapter 6 – Market risk

Table 10 Market risk – Standardised approach

Table 10(b): Market risk – Standardised approach [36]

	Mar 11 $M	Sep 10 $M	Mar 10 $M
Interest rate risk	111	126	121
Equity position risk	7	10	2
Foreign exchange risk	-	-	-
Commodity risk	6	10	5
Total	**124**	**146**	**128**
Risk Weighted Assets equivalent	**1,553**	**1,822**	**1,597**

[36] 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 [37] [38]

	Six months ended 31 Mar 11			
Value at Risk (VaR)	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

	Six months ended 30 Sep 10			
Value at Risk (VaR)	Mean $M	Maximum $M	Minimum $M	Period end $M
Equities	-	-	-	-
Interest rate	18.7	24.9	11.1	11.2
Foreign exchange	1.6	3.2	1.1	2.6
Commodity	2.3	3.7	1.6	2.1
Credit	3.2	4.9	2.2	3.0

	Six months ended 31 Mar 10			
Value at Risk (VaR)	Mean $M	Maximum $M	Minimum $M	Period end $M
Equities	-	-	-	-
Interest rate	15.7	23.8	9.2	23.8
Foreign exchange	2.5	7.8	0.8	1.9
Commodity	2.1	3.2	0.9	2.1
Credit	3.0	4.9	1.7	4.4

Comparison of VaR estimates to actual gains/losses

Back testing involves the comparison of calculated VaR exposures with profit and loss data to identify the frequency of incidents when trading losses exceed the calculated VaR. For APRA back testing purposes, VaR is calculated at the 99% confidence interval with a one day holding period. There have not been any back testing outliers over the past year, which is in line with management expectations (given volatility in the observation periods used has - in general - been higher than actual volatility) and below the APRA notification point of 10 outliers over a 250 trading day period.

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

[38] 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 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**

Equity investments	Sep 10 $M Balance sheet value	Fair value
Value of listed (publicly traded) equities	1,903	2,831
Value of unlisted (privately held) equities	1,514	1,566
Total	**3,417**	**4,397**

Equity investments	Mar 10 $M Balance sheet value	Fair value
Value of listed (publicly traded) equities	1,851	2,547
Value of unlisted (privately held) equities	1,531	1,558
Total	**3,382**	**4,105**

Table 13(d) and 13(e): Equities – gains (losses) [39]

Gains (losses) on equity investments	Half Year Mar 11 $M	Half Year Sep 10 $M	Half Year Mar 10 $M
Cumulative realised gains (losses) from disposals and liquidations in the reporting period	5	23	2
Total unrealised gains (losses)	1	(80)	46
Total unrealised gains (losses) included in Gross Tier 1/Tier 2 capital	-	-	-

Table 13(f): Equities Risk Weighted Assets

Risk Weighted Assets	Mar 11 $M	Sep 10 $M	Mar 10 $M
Equity investments subject to a 300% risk weight	6	1	1
Equity investments subject to a 400% risk weight	1,629	1,576	1,638
Total RWA - Equity	**1,635**	**1,577**	**1,639**
Aggregate amount of equity investments subject to:			
Supervisory provisions	-	-	-
Grandfathering provisions	-	-	-

[39] The March 2011 amount for 'Cumulative realised gains (losses) from disposals and liquidations in the reporting period' does not include a $35 million impairment charge relating to the carrying value of ANZ's equity investment in Sacombank in Vietnam. This charge reflects impairment, rather than gains (losses) from disposals and liquidations.

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 11** $M	**Sep 10** $M	**Mar 10** $M
AUD			
200 basis point parallel increase	28	128	32
200 basis point parallel decrease	(24)	(135)	(31)
NZD			
200 basis point parallel increase	(8)	(1)	(20)
200 basis point parallel decrease	5	(0)	17
USD			
200 basis point parallel increase	(54)	(18)	(7)
200 basis point parallel decrease	39	11	7
GBP			
200 basis point parallel increase	(3)	(8)	(4)
200 basis point parallel decrease	2	3	1
Other			
200 basis point parallel increase	21	(25)	8
200 basis point parallel decrease	(7)	16	3

IRRBB regulatory capital	**809**	**615**	**651**
IRRBB regulatory RWA	**10,112**	**7,690**	**8,136**

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, the single worst scenario is 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 11** $M		**Sep 10** $M		**Mar 10** $M
Paid-up ordinary share capital		20,839		20,140		19,563
Reserves						
Foreign currency translation reserve	(3,299)		(2,742)		(2,381)	
Share and share option reserve	156		168		156	
Total reserves		(3,143)		(2,574)		(2,225)
Prudential retained earnings						
Retained earnings including current year earnings	16,766		15,921		14,629	
Accumulated retained profits and reserves of insurance	(1,269)		(1,312)		(955)	
Funds management and securitisation entities and associates						
Dividend not provided for	(1,662)		(1,895)		(1,318)	
Deferred fee revenue including fees deferred as part of loan yields	398		402		425	
Accrual for Dividend Reinvestment Plans	499		569		395	
Total prudential retained earnings		14,732		13,685		13,176
Minority interests		64		64		66
Total		**32,492**		**31,315**		**30,580**

Deductions from Tier 1 capital		**Mar 11** $M		**Sep 10** $M		**Mar 10** $M
Goodwill		(2,795)		(2,910)		(2,824)
Other deductions from Tier 1 capital						
Intangible component of investment in OnePath Australia and New Zealand (excluding prudential goodwill)	(2,059)		(2,043)		(1,961)	
Capitalised software and other intangible assets	(1,323)		(1,169)		(1,008)	
Capitalised expenses including loan and lease origination fees, capitalised securitisation establishment costs and costs associated with debt raisings	(666)		(655)		(617)	
Applicable deferred tax assets (excluding the component relating to the general reserve for impairment of financial assets)	(154)		(235)		(215)	
Mark-to-market impact of own credit spread	(18)		(19)		22	
Total other deductions from Tier 1 capital		(4,220)		(4,121)		(3,779)
50/50 deductions from Tier 1 capital						
Investment in ANZ insurance subsidiaries	(200)		(198)		(189)	
Investment in funds management entities	(29)		(36)		(33)	
Investment in OnePath Australia and New Zealand	(901)		(845)		(634)	
Investment in other Authorised Deposit-taking Institutions and overseas equivalents	(1,162)		(988)		(981)	
Investment in other commercial operations	(8)		(21)		(36)	
Expected loss in excess of eligible provisions	(473)		(560)		(518)	
Other	(282)		(378)		(439)	
Total 50/50 deductions from Tier 1 capital		(3,055)		(3,026)		(2,830)
Total deductions from Tier 1 capital		**(10,070)**		**(10,057)**		**(9,433)**

Deductions from Tier 2 capital		**Mar 11** $M		**Sep 10** $M		**Mar 10** $M
Upper and lower Tier 2 capital deductions		(28)		(28)		(28)
50/50 deductions from Tier 2 capital						
Investment in ANZ insurance subsidiaries	(200)		(198)		(189)	
Investment in funds management entities	(29)		(36)		(33)	
Investment in OnePath Australia and New Zealand	(901)		(845)		(634)	
Investment in other Authorised Deposit Taking Institutions and overseas equivalents	(1,162)		(988)		(981)	
Investment in other commercial operations	(8)		(21)		(36)	
Expected loss in excess of eligible provisions	(473)		(560)		(518)	
Other	(282)		(378)		(439)	
Total 50/50 deductions from Tier 2 capital		(3,055)		(3,026)		(2,830)
Total deductions from Tier 2 capital		**(3,083)**		**(3,054)**		**(2,858)**

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: http://www.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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Australia and New Zealand Banking Group Limited

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