2021

BASEL III PILLAR 3 DISCLOSURE

AS AT 30 JUNE 2021

APS 330: PUBLIC DISCLOSURE

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) ADI Prudential Standard (APS) 330: Public Disclosure.

Version	Date Issued	Brief Outline of Change
1.0	18th August 2021	Version for publication.
1.1	9th October 2024	Values for Level 1 entity Total Risk Weighted Assets and Capital Ratios have been adjusted along with inclusion of associated footnotes on page 2.

Table 3 Capital adequacy - Capital Ratios and Risk Weighted Assets

Risk Weighted Assets (RWA)	Jun 21 $M	Mar 21 $M	Dec 20 $M
Subject to Advanced Internal Rating Based (IRB) approach			
Corporate	137,358	135,713	132,872
Sovereign	8,657	7,750	7,856
Bank	9,231	10,092	10,893
Residential Mortgage	110,505	110,206	111,842
Qualifying Revolving Retail	3,618	3,678	4,008
Other Retail	20,464	20,693	21,391
Credit risk weighted assets subject to Advanced IRB approach	**289,833**	**288,132**	**288,862**
Credit Risk Specialised Lending exposures subject to slotting approach[1]	**36,423**	**36,476**	**38,637**
Subject to Standardised approach			
Corporate	5,791	6,388	10,072
Sovereign	35	76	156
Residential Mortgage	199	203	203
Other Retail	19	23	27
Credit risk weighted assets subject to Standardised approach	**6,044**	**6,690**	**10,458**
Credit Valuation Adjustment and Qualifying Central Counterparties	**3,636**	**4,281**	**5,724**
Credit risk weighted assets relating to securitisation exposures	2,131	2,220	2,190
Other assets	4,146	4,063	4,351
Total credit risk weighted assets	**342,213**	**341,862**	**350,222**
Market risk weighted assets	7,666	8,955	10,215
Operational risk weighted assets	47,383	47,199	47,372
Interest rate risk in the banking book (IRRBB) risk weighted assets	14,948	10,150	14,202
Total Risk Weighted Assets	**412,210**	**408,166**	**422,011**

Capital ratios (%)	Jun 21	Mar 21	Dec 20
Level 2 Common Equity Tier 1 capital ratio	**12.2%**	**12.4%**	**11.7%**
Level 2 Tier 1 capital ratio	**14.1%**	**14.3%**	**13.5%**
Level 2 Total capital ratio	**18.1%**	**18.3%**	**17.3%**

Basel III APRA level 2 CET1	Jun 21	Mar 21	Dec 20
Common Equity Tier 1 Capital	50,245	50,786	49,334
Total Risk Weighted Assets	412,210	408,166	422,011
Common Equity Tier 1 capital ratio	**12.2%**	**12.4%**	**11.7%**

Basel III APRA level 1 Extended licensed entity CET1	Jun 21	Mar 21	Dec 20
Common Equity Tier 1 Capital	45,424	45,854	44,353
Total Risk Weighted Assets[2]	380,015	377,075	386,996
Common Equity Tier 1 capital ratio[2]	12.0%	12.2%	11.5%

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

[2] On 9th October 2024, ANZ adjusted the following values for the period 30 September 2019 to 31 March 2024 to reflect the application of the $500 million Operational Risk capital overlay to both Level 1 and Level 2 regulatory consolidations.

- Level 1 Extended licensed entity Total Risk Weighted Assets with reporting period impacts of $2.1 billion, and
- CET 1 capital ratio with reporting period impacts between 6 and 7 bps.

Credit Risk Weighted Assets (CRWA)

Total Credit RWA marginally increased by $0.4 billion (0.1%) from March 2021 to $342.2 billion at June 2021. The increase from lending growth in the Institutional division and foreign exchange movements were offset by a reduction in derivative exposure reducing CVA RWA and Credit RWA.

Market Risk, Operational Risk and IRRBB Risk Weighted Assets (RWA)

Traded Market Risk RWA decreased $1.3 billion over the quarter due to reduction in 10d VaR.

IRRBB RWA increased $4.8 billion due to a deterioration in Embedded Gains combined with an increase in Repricing and Yield Curve Risk.

Table 4 Credit risk exposures

Exposure at Default in Table 4 represents credit exposure net of offsets for credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral. It includes Advanced IRB, Specialised Lending and Standardised exposures, however does not include Securitisation, Equities or Other Assets exposures.

Table 4(a) part (i): Period end and average Exposure at Default [3]

	Jun 21				
Advanced IRB approach	**Risk Weighted Assets $M**	**Exposure at Default $M**	**Average Exposure at Default for three months $M**	**Individual provision charge for three months $M**	**Write-offs for three months $M**
Corporate	137,358	277,824	274,286	(30)	37
Sovereign	8,657	261,545	244,684	-	-
Bank	9,231	32,360	33,881	-	-
Residential Mortgage	110,505	408,441	406,996	7	10
Qualifying Revolving Retail	3,618	13,997	14,061	14	27
Other Retail	20,464	30,431	30,660	28	53
Total Advanced IRB approach	**289,833**	**1,024,598**	**1,004,568**	**19**	**127**
Specialised Lending	**36,423**	**44,313**	**43,908**	-	-
Standardised approach					
Corporate	5,791	5,808	6,127	2	2
Sovereign	35	35	52	-	-
Residential Mortgage	199	421	422	-	-
Other Retail	19	19	21	-	-
Total Standardised approach	**6,044**	**6,283**	**6,622**	**2**	**2**
Credit Valuation Adjustment and Qualifying Central Counterparties	**3,636**	**9,672**	**9,932**	**-**	**-**
Total	**335,936**	**1,084,866**	**1,065,030**	**21**	**129**

[3] Average Exposure at Default for quarter is calculated as the simple average of the balances at the start and the end of each three month period.

Table 4(a) part (i): Period end and average Exposure at Default (continued)

	Mar 21				
Advanced IRB approach	**Risk Weighted Assets $M**	**Exposure at Default $M**	**Average Exposure at Default for three months $M**	**Individual provision charge for three months $M**	**Write-offs for three months $M**
Corporate	135,713	270,749	268,080	57	43
Sovereign	7,750	227,824	222,104	-	-
Bank	10,092	35,401	36,130	-	-
Residential Mortgage	110,206	405,552	404,994	46	55
Qualifying Revolving Retail	3,678	14,125	14,312	12	27
Other Retail	20,693	30,888	31,203	52	81
Total Advanced IRB approach	**288,132**	**984,539**	**976,823**	**167**	**206**
Specialised Lending	**36,476**	**43,502**	**44,758**	**-**	**-**
Standardised approach					
Corporate	6,388	6,445	8,865	(4)	7
Sovereign	76	69	109	-	-
Residential Mortgage	203	422	422	-	1
Other Retail	23	22	25	3	-
Total Standardised approach	**6,690**	**6,958**	**9,421**	**(1)**	**8**
Credit Valuation Adjustment and Qualifying Central Counterparties	**4,281**	**10,192**	**11,008**	**-**	**-**
Total	**335,579**	**1,045,191**	**1,042,010**	**166**	**214**

	Dec 20				
Advanced IRB approach	**Risk Weighted Assets $M**	**Exposure at Default $M**	**Average Exposure at Default for three months $M**	**Individual provision charge for three months $M**	**Write-offs for three months $M**
Corporate	132,872	265,411	269,912	(8)	25
Sovereign	7,856	216,384	201,494	-	-
Bank	10,893	36,858	39,515	-	-
Residential Mortgage	111,842	404,435	398,373	-	16
Qualifying Revolving Retail	4,008	14,499	14,673	21	34
Other Retail	21,391	31,517	31,724	7	45
Total Advanced IRB approach	**288,862**	**969,104**	**955,691**	**20**	**120**
Specialised Lending	**38,637**	**46,014**	**46,222**	**-**	**1**
Standardised approach					
Corporate	10,072	11,285	11,315	2	4
Sovereign	156	148	180	-	-
Residential Mortgage	203	421	428	-	1
Other Retail	27	27	30	(1)	-
Total Standardised approach	**10,458**	**11,881**	**11,953**	**1**	**5**
Credit Valuation Adjustment and Qualifying Central Counterparties	**5,724**	**11,824**	**10,754**	**-**	**-**
Total	**343,681**	**1,038,823**	**1,024,620**	**21**	**126**

Table 4(a) part (ii): Exposure at Default by portfolio type[4]

Portfolio Type	Jun 21 $M	Mar 21 $M	Dec 20 $M	Average for the quarter ended Jun 21 $M
Cash	136,806	107,422	88,954	122,114
Contingents liabilities, commitments, and other off-balance sheet exposures	175,574	170,731	172,078	173,153
Derivatives	43,086	46,614	51,906	44,850
Settlement Balances	13	61	20	37
Investment Securities	87,133	88,206	93,972	87,670
Net Loans, Advances & Acceptances	607,377	600,397	598,524	603,887
Other assets	10,197	7,846	8,399	9,022
Trading Securities	24,680	23,914	24,970	24,297
Total exposures	**1,084,866**	**1,045,191**	**1,038,823**	**1,065,030**

[4] Average Exposure at Default for quarter is calculated as the simple average of the balances at the start and the end of each three month period.

Table 4(b): Impaired asset[5] [6], Past due loans[7], Provisions and Write-offs

	Jun 21					
	Impaired Derivatives $M	Impaired loans/ Facilities $M	Past due loans ≥ 90 days $M	Individual provision Balance $M	Individual provision charge for three months $M	Write-offs for three months $M
Portfolios subject to Advanced IRB approach						
Corporate	-	1,175	229	350	(30)	37
Sovereign	-	-	-	-	-	-
Bank	-	-	-	-	-	-
Residential Mortgage	-	412	2,372	113	7	10
Qualifying Revolving Retail	-	35	-	-	14	27
Other Retail	-	357	412	209	28	53
Total Advanced IRB approach	**-**	**1,979**	**3,013**	**672**	**19**	**127**
Specialised Lending	**-**	**75**	**47**	**18**	**-**	**-**
Portfolios subject to Standardised approach						
Corporate	1	127	67	43	2	2
Residential Mortgage	-	10	29	6	-	-
Other Retail	-	10	-	4	-	-
Total Standardised approach	**1**	**147**	**96**	**53**	**2**	**2**
Qualifying Central Counterparties	**-**	**-**	**-**	**-**	**-**	**-**
Total	**1**	**2,201**	**3,156**	**743**	**21**	**129**

[5] Impaired derivatives are net of credit valuation adjustment (CVA) of $1 million, being a market value based assessment of the credit risk of the relevant counterparties (March 2021: $1 million; December 2020: $1 million).

[6] Impaired loans / facilities include restructured items of $334 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 (March 2021: $300 million; December 2020: $497 million).

[7] For regulatory reporting not well secured portfolio managed retail exposures have been reclassified from past due loans ≥ 90 days to impaired loans / facilities.

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

Mar 21	Impaired derivatives $M	Impaired loans/ Facilities $M	Past due loans ≥ 90 days $M	Individual provision balance $M	Individual provision charge for three months $M	Write-offs for three months $M
Portfolios subject to Advanced IRB approach						
Corporate	2	1,498	227	412	57	43
Sovereign	-	-	-	-	-	-
Bank	-	-	-	-	-	-
Residential Mortgage	-	434	2,446	113	46	55
Qualifying Revolving Retail	-	38	-	-	12	27
Other Retail	-	363	418	215	52	81
Total Advanced IRB approach	**2**	**2,333**	**3,091**	**740**	**167**	**206**
Specialised Lending	**-**	**75**	**39**	**18**	**-**	**-**
Portfolios subject to Standardised approach						
Corporate	1	112	63	43	(4)	7
Residential Mortgage	-	8	29	5	-	1
Other Retail	-	10	-	3	3	-
Total Standardised approach	**1**	**130**	**92**	**51**	**(1)**	**8**
Qualifying Central Counterparties	**-**	**-**	**-**	**-**	**-**	**-**
Total	**3**	**2,538**	**3,222**	**809**	**166**	**214**

Dec 20	Impaired derivatives $M	Impaired loans/ Facilities $M	Past due loans ≥ 90 days $M	Individual provision balance $M	Individual provision charge for three months $M	Write-offs for three months $M
Portfolios subject to Advanced IRB approach						
Corporate	-	1,497	221	393	(8)	25
Sovereign	-	-	-	-	-	-
Bank	-	-	-	-	-	-
Residential Mortgage	-	492	2,766	122	-	16
Qualifying Revolving Retail	-	43	-	-	21	34
Other Retail	-	384	436	226	7	45
Total Advanced IRB approach	**-**	**2,416**	**3,423**	**741**	**20**	**120**
Specialised Lending	**-**	**74**	**30**	**13**	**-**	**1**
Portfolios subject to Standardised approach						
Corporate	-	124	32	53	2	4
Residential Mortgage	-	9	15	6	-	1
Other Retail	-	9	-	2	(1)	-
Total Standardised approach	**-**	**142**	**47**	**61**	**1**	**5**
Qualifying Central Counterparties	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**2,632**	**3,500**	**815**	**21**	**126**

Table 4(c): Specific Provision Balance and General Reserve for Credit Losses [8]

	Jun 21		
	Specific Provision Balance $M	General Reserve for Credit Losses $M	Total $M
Collectively Assessed Provisions for Credit Impairment	440	3,807	4,247
Individually Assessed Provisions	743	-	743
Total Provision for Credit Impairment	**1,183**	**3,807**	**4,990**

	Mar 21		
	Specific Provision Balance $M	General Reserve for Credit Losses $M	Total $M
Collectively Assessed Provisions for Credit Impairment	432	3,853	4,285
Individually Assessed Provisions	809	-	809
Total Provision for Credit Impairment	**1,241**	**3,853**	**5,094**

	Dec 20		
	Specific Provision Balance $M	General Reserve for Credit Losses $M	Total $M
Collectively Assessed Provisions for Credit Impairment	385	4,416	4,801
Individually Assessed Provisions	815	-	815
Total Provision for Credit Impairment	**1,200**	**4,416**	**5,616**

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

Table 5 Securitisation

Table 5(a) part (i): Banking Book - Summary of current period's activity by underlying asset type and facility [9]

	Jun 21			
	Original value securitised			
Securitisation activity by underlying asset type	ANZ Originated $M	ANZ Self Securitised $M	ANZ Sponsored $M	Recognised gain or loss on sale $M
Residential mortgage	(93)	2,286	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	**(93)**	**2,286**	**-**	**-**

Securitisation activity by facility provided	Notional amount $M
Liquidity facilities	-
Funding facilities	-
Underwriting facilities	-
Lending facilities	-
Credit enhancements	-
Holdings of securities (excluding trading book)	53
Other	6
Total	**59**

	Mar 21			
	Original value securitised			
Securitisation activity by underlying asset type	ANZ Originated $M	ANZ Self Securitised $M	ANZ Sponsored $M	Recognised gain or loss on sale $M
Residential mortgage	(101)	(11,980)	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	**(101)**	**(11,980)**	**-**	**-**

Securitisation activity by facility provided	Notional amount $M
Liquidity facilities	-
Funding facilities	500
Underwriting facilities	-
Lending facilities	-
Credit enhancements	-
Holdings of securities (excluding trading book)	(212)
Other	13
Total	**301**

[9] Activity represents net movement in outstanding.

Securitisation activity by underlying asset type	ANZ Originated	Dec 20 Original value securitised ANZ Self Securitised	ANZ Sponsored	Recognised gain or loss on sale
	$M	$M	$M	$M
Residential mortgage	(105)	(1,106)	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	**(105)**	**(1,106)**	**-**	**-**

Securitisation activity by facility provided	Notional amount $M
Liquidity facilities	-
Funding facilities	-
Underwriting facilities	-
Lending facilities	-
Credit enhancements	-
Holdings of securities (excluding trading book)	352
Other	4
Total	**356**

Table 5(a) part (ii): Trading Book - Summary of current period's activity by underlying asset type and facility

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

Table 5(b) part (i): Banking Book: Securitisation - Regulatory credit exposures by exposure type

Securitisation exposure type - On balance sheet	Jun 21 $M	Mar 21 $M	Dec 20 $M
Liquidity facilities	-	-	-
Funding facilities	7,955	9,028	8,489
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities (excluding trading book)	2,473	2,420	2,632
Protection provided	-	-	-
Other	196	245	286
Total	**10,624**	**11,693**	**11,407**

Securitisation exposure type - Off Balance Sheet	Jun 21 $M	Mar 21 $M	Dec 20 $M
Liquidity facilities	16	17	18
Funding facilities	2,474	2,000	2,082
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities (excluding trading book)	-	-	-
Protection provided	-	-	-
Other	-	-	-
Total	**2,490**	**2,017**	**2,100**

Total Securitisation exposure type	Jun 21 $M	Mar 21 $M	Dec 20 $M
Liquidity facilities	16	17	18
Funding facilities	10,429	11,028	10,571
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities (excluding trading book)	2,473	2,420	2,632
Protection provided	-	-	-
Other	196	245	286
Total	**13,114**	**13,710**	**13,507**

Table 5(b) part (ii): Trading Book: Securitisation – Regulatory credit exposures by exposure type

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

Table 18 Leverage ratio

The Leverage Ratio requirements are part of the Basel Committee on Banking Supervision (BCBS) Basel III capital framework. It is a simple, non-risk based supplement or backstop to the current risk based capital requirements and is intended to restrict the build-up of excessive leverage in the banking system.

Consistent with the BCBS definition, APRA's Leverage Ratio compares Tier 1 Capital to the Exposure Measure (expressed as a percentage) as defined by APS 110: Capital Adequacy. APRA has not finalised a minimum Leverage Ratio requirement for Australian ADIs, although they have proposed a minimum of 3.5% for ADIs authorised to use the internal ratings based approach to credit risk.

The following information is the short form data disclosure required to be published under paragraph 49 of APS 330.

		Jun 21	Mar 21	Dec 20	Sep 20
	Capital and total exposures	**$M**	**$M**	**$M**	**$M**
20	Tier 1 capital	57,919	58,431	56,996	56,481
21	Total exposures	1,079,388	1,053,192	1,062,452	1,046,670
	Leverage ratio				
22	Basel III leverage ratio	5.4%	5.5%	5.4%	5.4%

Table 20 Liquidity Coverage Ratio disclosure template

		Jun 21 Total Unweighted Value $M	Jun 21 Total Weighted Value $M	Mar 21 Total Unweighted Value $M	Mar 21 Total Weighted Value $M
	Liquid assets, of which:				
1	High-quality liquid assets (HQLA)		210,191		199,086
2	Alternative liquid assets (ALA)		9,635		12,542
3	Reserve Bank of New Zealand (RBNZ) securities		-		19
	Cash outflows				
4	Retail deposits and deposits from small business customers	255,840	26,078	250,037	25,255
5	of which: stable deposits	111,095	5,555	110,284	5,514
6	of which: less stable deposits	144,745	20,523	139,753	19,741
7	Unsecured wholesale funding	249,291	129,955	241,043	125,679
8	of which: operational deposits (all counterparties) and deposits in networks for cooperative banks	95,939	23,163	91,433	22,034
9	of which: non-operational deposits (all counterparties)	137,885	91,325	135,158	89,193
10	of which: unsecured debt	15,467	15,467	14,452	14,452
11	Secured wholesale funding		588		390
12	Additional requirements	142,051	37,677	150,268	44,595
13	of which: outflows related to derivatives exposures and other collateral requirements	21,070	21,070	27,807	27,807
14	of which: outflows related to loss of funding on debt products	-	-	-	-
15	of which: credit and liquidity facilities	120,981	16,607	122,461	16,788
16	Other contractual funding obligations	8,277	-	7,604	-
17	Other contingent funding obligations	98,402	6,373	94,246	5,552
18	Total cash outflows		200,671		201,471
	Cash inflows				
19	Secured lending (e.g. reverse repos)	14,716	1,592	18,809	1,503
20	Inflows from fully performing exposures	24,256	15,979	23,605	16,001
21	Other cash inflows	20,648	20,648	25,693	25,693
22	Total cash inflows	59,620	38,219	68,107	43,197
23	Total liquid assets		219,826		211,647
24	Total net cash outflows		162,452		158,274
25	Liquidity Coverage Ratio (%)		135.3%		133.7%
	Number of data points used (simple average)		65		63

Liquidity Coverage Ratio (LCR)

ANZ's average LCR for the 3 months to 30 June 2021 was 135.3% with total liquid assets exceeding net cash outflows by an average of $57.4b.

The main contributors to net cash outflows were modelled outflows associated with the bank's corporate and retail deposit portfolios, offset by inflows from maturing loans. While cash outflows associated with derivatives are material, these are effectively offset by derivative cash inflows.

ANZ has a well-diversified deposit and funding base avoiding undue concentrations by investor type, maturity, market source and currency.

ANZ monitors and manages its liquidity risk on a daily basis including LCR by geography and currency, ensuring ongoing compliance across the network.

Glossary

ADI	Authorised Deposit-taking Institution.
Basel III Credit Valuation Adjustment (CVA) capital charge	CVA charge is an additional capital requirement under Basel III for bilateral derivative exposures. Derivatives not cleared through a central exchange/counterparty are subject to this additional capital charge and also receive normal CRWA treatment under Basel II principles.
Collectively Assessed Provision for Credit Impairment	Collectively assessed provisions for credit impairment represent the Expected Credit Loss (ECL) calculated in accordance with AASB 9 Financial Instruments (AASB 9). These incorporate forward looking information and do not require an actual loss event to have occurred for an impairment provision to be recognised.
Credit exposure	The aggregate of all claims, commitments and contingent liabilities arising from on- and off-balance sheet transactions (in the banking book and trading book) with the counterparty or group of related counterparties.
Credit risk	The risk of financial loss resulting from the failure of ANZ's customers and counterparties to honour or perform fully the terms of a loan or contract.
Credit Valuation Adjustment (CVA)	Over the life of a derivative instrument, ANZ uses a CVA model to adjust fair value to take into account the impact of counterparty credit quality. The methodology calculates the present value of expected losses over the life of the financial instrument as a function of probability of default, loss given default, expected credit risk exposure and an asset correlation factor. Impaired derivatives are also subject to a CVA.
Days past due	The number of days a credit obligation is overdue, commencing on the date that the arrears or excess occurs and accruing for each completed calendar day thereafter.
Exposure at Default (EAD)	Exposure At Default is defined as the expected facility exposure at the date of default.
Impaired assets (IA)	Facilities are classified as impaired when there is doubt as to whether the contractual amounts due, including interest and other payments, will be met in a timely manner. Impaired assets include impaired facilities, and impaired derivatives. Impaired derivatives have a credit valuation adjustment (CVA), which is a market assessment of the credit risk of the relevant counterparties.
Impaired loans (IL)	Impaired loans comprise of drawn facilities where the customer's status is defined as impaired.
Individual provision charge (IPC)	Individual provision charge is the amount of expected credit losses on financial instruments assessed for impairment on an individual basis (as opposed to on a collective basis). It takes into account expected cash flows over the lives of those financial instruments.
Individually Assessed Provisions for Credit Impairment	Individually assessed provisions for credit impairment are calculated in accordance with AASB 9 Financial Instruments (AASB 9). They are assessed on a case-by-case basis for all individually managed impaired assets taking into consideration factors such as the realisable value of security (or other credit mitigants), the likely return available upon liquidation or bankruptcy, legal uncertainties, estimated costs involved in recovery, the market price of the exposure in secondary markets and the amount and timing of expected receipts and recoveries.
Market risk	The risk to ANZ's earnings arising from changes in interest rates, currency exchange rates and credit spreads, or from fluctuations in bond, commodity or equity prices. ANZ has grouped market risk into two broad categories to facilitate the measurement, reporting and control of market risk: Traded market risk - the risk of loss from changes in the value of financial instruments due to movements in price factors for physical and derivative trading positions. Trading positions arise from transactions where ANZ acts as principal with clients or with the market. Non-traded market risk (or balance sheet risk) - comprises interest rate risk in the banking book and the risk to the AUD denominated value of ANZ's capital and earnings due to foreign exchange rate movements.

Operational risk	The risk of loss resulting from inadequate or failed internal controls or from external events, including legal risk but excluding reputation risk.
Past due facilities	Facilities where a contractual payment has not been met or the customer is outside of contractual arrangements are deemed past due. Past due facilities include those operating in excess of approved arrangements or where scheduled repayments are outstanding but do not include impaired assets.
Qualifying Central Counterparties (QCCP)	QCCP is a central counterparty which is an entity that interposes itself between counterparties to derivative contracts. Trades with QCCP attract a more favorable risk weight calculation.
Recoveries	Payments received and taken to profit for the current period for the amounts written off in prior financial periods.
Restructured items	Restructured items comprise facilities in which the original contractual terms have been modified for reasons related to the financial difficulties of the customer. Restructuring may consist of reduction of interest, principal or other payments legally due, or an extension in maturity materially beyond those typically offered to new facilities with similar risk.
Risk Weighted Assets (RWA)	Assets (both on and off-balance sheet) are risk weighted according to each asset's inherent potential for default and what the likely losses would be in the case of default. In the case of non asset backed risks (i.e. market and operational risk), RWA is determined by multiplying the capital requirements for those risks by 12.5.
Securitisation risk	The risk of credit related losses greater than expected due to a securitisation failing to operate as anticipated, or of the values and risks accepted or transferred, not emerging as expected.
Write-Offs	Facilities are written off against the related provision for impairment when they are assessed as partially or fully uncollectable, and after proceeds from the realisation of any collateral have been received. Where individual provisions recognised in previous periods have subsequently decreased or are no longer required, such impairment losses are reversed in the current period income statement.

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