2022 Basel III Pillar 3 Disclosure

As at 31 December 2022

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	8th February 2023	Version for publication.
1.1	9th October 2024	Values for Level 1 entity Total Risk Weighted Assets and Capital Ratios havebeen adjusted along with inclusion of associated footnotes on page 2.

Table 3 Capital adequacy - Capital Ratios and Risk Weighted Assets

Risk Weighted Assets (RWA)	Dec 22 $M	Sep 22 $M	Jun 22 $M
Subject to Advanced Internal Rating Based (IRB) approach			
Corporate	148,944	146,069	146,770
Sovereign	11,289	10,955	10,392
Bank	11,919	12,071	11,604
Residential Mortgage	120,182	113,590	112,190
Qualifying Revolving Retail	3,236	3,272	3,356
Other Retail	16,944	17,029	17,668
Credit risk weighted assets subject to Advanced IRB approach	**312,514**	**302,986**	**301,980**
Credit Risk Specialised Lending exposures subject to slotting approach[1]	**42,146**	**39,792**	**40,034**
Subject to Standardised approach			
Corporate	5,837	6,235	6,031
Sovereign	110	29	22
Residential Mortgage	216	224	199
Other Retail	10	11	11
Credit risk weighted assets subject to Standardised approach	**6,173**	**6,499**	**6,263**
Credit Valuation Adjustment and Qualifying Central Counterparties	**3,033**	**3,865**	**2,455**
Credit risk weighted assets relating to securitisation exposures	2,498	2,424	2,466
Other assets	4,114	3,876	3,833
Total credit risk weighted assets	**370,478**	**359,442**	**357,031**
Market risk weighted assets	11,406	9,282	7,758
Operational risk weighted assets	42,319	47,931	47,980
Interest rate risk in the banking book (IRRBB) risk weighted assets	37,866	38,063	38,444
Total Risk Weighted Assets	**462,069**	**454,718**	**451,213**

Capital ratios (%)	Dec 22	Sep 22	Jun 22
Level 2 Common Equity Tier 1 capital ratio	**12.2%**	**12.3%**	**11.1%**
Level 2 Tier 1 capital ratio	**13.9%**	**14.0%**	**12.8%**
Level 2 Total capital ratio	**18.4%**	**18.2%**	**16.0%**

Basel III APRA level 2 CET1	Dec-22	Sep-22	Jun-22
Common Equity Tier 1 Capital	56,383	55,872	49,976
Total Risk Weighted Assets	462,069	454,718	451,213
Common Equity Tier 1 capital ratio	12.2%	12.3%	11.1%

Basel III APRA level 1 Extended licensed entity CET1	Dec-22	Sep-22	Jun-22
Common Equity Tier 1 Capital	46,013	47,091	40,025
Total Risk Weighted Assets[2]	399,246	394,140	386,442
Common Equity Tier 1 capital ratio[2]	11.5%	11.9%	10.4%

[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 between $1.8 billion to $2.1 billion, and
- CET 1 capital ratio with reporting period impacts between 5 and 6 bps.

Credit Risk Weighted Assets (CRWA)

Total Credit RWA increased by $11.0 billion (3.1%) from September 2022 to December 2022 predominantly driven by lending volume growth in Institutional $4.5b, growth in Australia Retail Mortgages portfolio $2.2b and foreign exchange movements $1.6b.

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

Traded Market Risk RWA increased by $2.1 billion (+22.9%) over the quarter mainly due to increase in Stressed VaR.

Operational Risk RWA decreased by $5.6 billion because of ANZ adopting APS 115 Capital Adequacy: Standardised Measurement Approach (SMA) to Operational Risk in December 2022.

IRRBB RWA decreased by $0.2 billion over the quarter, of which $1.0 billion was due to a reduction in IToC Embedded Losses, offset by increased market volatility impacting Repricing & 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]

	Dec 22				
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	148,944	332,596	329,916	(114)	19
Sovereign	11,289	286,758	276,802	-	-
Bank	11,919	38,411	39,445	-	-
Residential Mortgage	120,182	430,889	422,507	(4)	5
Qualifying Revolving Retail	3,236	13,235	13,272	12	22
Other Retail	16,944	27,163	27,126	3	38
Total Advanced IRB approach	**312,514**	**1,129,052**	**1,109,068**	**(103)**	**84**
Specialised Lending	**42,146**	**50,752**	**49,747**	**3**	**-**
Standardised approach					
Corporate	5,837	5,711	5,844	1	12
Sovereign	110	110	128	-	-
Residential Mortgage	216	429	432	-	-
Other Retail	10	10	10	(2)	1
Total Standardised approach	**6,173**	**6,260**	**6,414**	**(1)**	**13**
Credit Valuation Adjustment and Qualifying Central Counterparties	**3,033**	**7,070**	**7,493**	**-**	**-**
Total	**363,866**	**1,193,134**	**1,172,722**	**(101)**	**97**

[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)

	Sep 22				
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	146,069	327,238	322,553	(1)	17
Sovereign	10,955	266,845	262,170	-	-
Bank	12,071	40,479	40,413	-	-
Residential Mortgage	113,590	414,125	413,344	(7)	9
Qualifying Revolving Retail	3,272	13,309	13,376	(1)	21
Other Retail	17,029	27,088	27,501	(9)	49
Total Advanced IRB approach	**302,986**	**1,089,084**	**1,079,358**	**(18)**	**96**
Specialised Lending	**39,792**	**48,742**	**48,996**	**(9)**	**-**
Standardised approach					
Corporate	6,235	5,976	5,915	5	4
Sovereign	29	146	129	-	-
Residential Mortgage	224	435	435	1	1
Other Retail	11	10	11	(1)	(2)
Total Standardised approach	**6,499**	**6,567**	**6,489**	**5**	**3**
Credit Valuation Adjustment and Qualifying Central Counterparties	**3,865**	**7,916**	**7,454**	**-**	**-**
Total	**353,142**	**1,152,309**	**1,142,297**	**(22)**	**99**

	Jun 22				
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	146,770	317,867	308,355	(11)	19
Sovereign	10,392	257,495	255,330	-	-
Bank	11,604	40,347	38,197	-	-
Residential Mortgage	112,190	412,563	412,095	(5)	5
Qualifying Revolving Retail	3,356	13,443	13,477	13	24
Other Retail	17,668	27,914	28,291	7	57
Total Advanced IRB approach	**301,980**	**1,069,629**	**1,055,745**	**4**	**105**
Specialised Lending	**40,034**	**49,249**	**48,233**	**8**	**-**
Standardised approach					
Corporate	6,031	5,853	5,978	2	-
Sovereign	22	111	145	-	-
Residential Mortgage	199	434	425	-	-
Other Retail	11	11	12	-	2
Total Standardised approach	**6,263**	**6,409**	**6,560**	**2**	**2**
Credit Valuation Adjustment and Qualifying Central Counterparties	**2,455**	**6,992**	**6,893**	**-**	**-**
Total	**350,732**	**1,132,279**	**1,117,431**	**14**	**107**

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

Portfolio Type	Dec 22 $M	Sep 22 $M	Jun 22 $M	Average for the quarter ended Dec 22 $M
Cash	166,463	152,042	147,212	159,253
Contingents liabilities, commitments, and other off-balance sheet exposures	193,033	183,411	183,472	188,222
Derivatives	46,122	53,875	46,643	49,999
Settlement Balances	1	34	16	18
Investment Securities	83,642	81,198	80,158	82,420
Net Loans, Advances & Acceptances	671,545	653,303	646,014	662,423
Other assets	12,419	9,163	8,284	10,791
Trading Securities	19,909	19,283	20,480	19,596
Total exposures	**1,193,134**	**1,152,309**	**1,132,279**	**1,172,722**

[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

	Dec 22					
	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	4	318	216	148	(114)	19
Sovereign	-	-	-	-	-	-
Bank	-	-	-	-	-	-
Residential Mortgage	-	383	1,783	55	(4)	5
Qualifying Revolving Retail	-	31	-	-	12	22
Other Retail	-	208	220	117	3	38
Total Advanced IRB approach	**4**	**940**	**2,219**	**320**	**(103)**	**84**
Specialised Lending	**-**	**52**	**13**	**32**	**3**	**-**
Portfolios subject to Standardised approach						
Corporate	-	147	48	46	1	12
Residential Mortgage	-	30	8	6	-	-
Other Retail	-	7	-	1	(2)	1
Total Standardised approach	**-**	**184**	**56**	**53**	**(1)**	**13**
Qualifying Central Counterparties	**-**	**-**	**-**	**-**	**-**	**-**
Total	**4**	**1,176**	**2,288**	**405**	**(101)**	**97**

[5] Impaired derivatives are net of credit valuation adjustment (CVA) of nil, being a market value based assessment of the credit risk of the relevant counterparties (September 2022: nil; June 2022: nil).

[6] Impaired loans / facilities include restructured items of $385 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 2022: $376 million; June 2022: $303 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)

	Sep 22					
	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	7	568	272	251	(1)	17
Sovereign	-	-	-	-	-	-
Bank	-	-	-	-	-	-
Residential Mortgage	-	371	1,759	63	(7)	9
Qualifying Revolving Retail	-	29	-	-	(1)	21
Other Retail	-	225	247	133	(9)	49
Total Advanced IRB approach	**7**	**1,193**	**2,278**	**447**	**(18)**	**96**
Specialised Lending	**-**	**51**	**15**	**29**	**(9)**	**-**
Portfolios subject to Standardised approach						
Corporate	-	200	55	57	5	4
Residential Mortgage	-	31	9	6	1	1
Other Retail	-	8	-	3	(1)	(2)
Total Standardised approach	**-**	**239**	**64**	**66**	**5**	**3**
Qualifying Central Counterparties	**-**	**-**	**-**	**-**	**-**	**-**
Total	**7**	**1,483**	**2,357**	**542**	**(22)**	**99**

	Jun 22					
	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	7	618	253	270	(11)	19
Sovereign	-	-	-	-	-	-
Bank	-	-	-	-	-	-
Residential Mortgage	-	345	1,955	79	(5)	5
Qualifying Revolving Retail	-	32	-	-	13	24
Other Retail	-	234	287	145	7	57
Total Advanced IRB approach	**7**	**1,229**	**2,495**	**494**	**4**	**105**
Specialised Lending	**-**	**101**	**13**	**36**	**8**	**-**
Portfolios subject to Standardised approach						
Corporate	-	189	65	51	2	-
Residential Mortgage	-	30	12	6	-	-
Other Retail	-	9	1	1	-	2
Total Standardised approach	**-**	**228**	**78**	**58**	**2**	**2**
Qualifying Central Counterparties	**-**	**-**	**-**	**-**	**-**	**-**
Total	**7**	**1,558**	**2,586**	**588**	**14**	**107**

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

	Dec 22		
	Specific Provision Balance $M	**General Reserve for Credit Losses $M**	**Total $M**
Collectively Assessed Provisions for Credit Impairment	370	3,518	3,888
Individually Assessed Provisions	405	-	405
Total Provision for Credit Impairment	**775**	**3,518**	**4,293**

	Sep 22		
	Specific Provision Balance $M	**General Reserve for Credit Losses $M**	**Total $M**
Collectively Assessed Provisions for Credit Impairment	389	3,464	3,853
Individually Assessed Provisions	542	-	542
Total Provision for Credit Impairment	**931**	**3,464**	**4,395**

	Jun 22		
	Specific Provision Balance $M	**General Reserve for Credit Losses $M**	**Total $M**
Collectively Assessed Provisions for Credit Impairment	420	3,359	3,779
Individually Assessed Provisions	588	-	588
Total Provision for Credit Impairment	**1,008**	**3,359**	**4,367**

[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]

	Dec 22			
	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	(67)	139	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	**(67)**	**139**	**-**	**-**

Securitisation activity by facility provided	**Notional amount $M**
Liquidity facilities	-
Funding facilities	(76)
Underwriting facilities	-
Lending facilities	-
Credit enhancements	-
Holdings of securities (excluding trading book)	(343)
Other	-
Total	**(419)**

	Sep 22			
	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	(149)	2,306	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	**(149)**	**2,306**	**-**	**-**

Securitisation activity by facility provided	**Notional amount $M**
Liquidity facilities	-
Funding facilities	1,486
Underwriting facilities	-
Lending facilities	-
Credit enhancements	-
Holdings of securities (excluding trading book)	112
Other	1
Total	**1,599**

[9] Activity represents net movement in outstanding.

Securitisation activity by underlying asset type	Jun 22			
	Original value securitised			
	ANZ Originated	ANZ Self Securitised	ANZ Sponsored	Recognised gain or loss on sale
	$M	$M	$M	$M
Residential mortgage	(75)	1,845	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	**(75)**	**1,845**	**-**	**-**

Securitisation activity by facility provided	Notional amount $M
Liquidity facilities	-
Funding facilities	1,487
Underwriting facilities	-
Lending facilities	-
Credit enhancements	-
Holdings of securities (excluding trading book)	469
Other	-
Total	**1,956**

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	Dec 22 $M	Sep 22 $M	Jun 22 $M
Liquidity facilities	-	-	-
Funding facilities	9,642	9,433	8,096
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities (excluding trading book)	3,009	3,352	3,710
Protection provided	-	-	-
Other	67	55	58
Total	**12,718**	**12,840**	**11,864**

Securitisation exposure type - Off Balance Sheet	Dec 22 $M	Sep 22 $M	Jun 22 $M
Liquidity facilities	12	12	13
Funding facilities	2,775	2,128	3,279
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities (excluding trading book)	-	-	-
Protection provided	-	-	-
Other	-	-	-
Total	**2,787**	**2,140**	**3,292**

Total Securitisation exposure type	Dec 22 $M	Sep 22 $M	Jun 22 $M
Liquidity facilities	12	12	13
Funding facilities	12,417	11,561	11,375
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities (excluding trading book)	3,009	3,352	3,710
Protection provided	-	-	-
Other	67	55	58
Total	**15,505**	**14,980**	**15,156**

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 requires ADIs authorised to use the internal ratings based approach to credit risk to maintain a minimum leverage ratio of 3.5% from January 2023.

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

	Capital and total exposures	Dec 22 $M	Sep 22 $M	Jun 22 $M	Mar 22 $M
20	Tier 1 capital	64,009	63,558	57,578	58,001
21	Total exposures	1,210,057	1,168,311	1,156,723	1,117,287
	Leverage ratio				
22	Basel III leverage ratio	5.3%	5.4%	5.0%	5.2%

Table 20 Liquidity Coverage Ratio disclosure template

		Dec 22 Total Unweighted Value $M	Dec 22 Total Weighted Value $M	Sep 22 Total Unweighted Value $M	Sep 22 Total Weighted Value $M
	Liquid assets, of which:				
1	High-quality liquid assets (HQLA)		256,833		241,616
2	Alternative liquid assets (ALA)		2,675		4,458
3	Reserve Bank of New Zealand (RBNZ) securities		899		543
	Cash outflows				
4	Retail deposits and deposits from small business customers	265,296	24,405	270,102	25,078
5	of which: stable deposits	120,079	6,004	121,616	6,081
6	of which: less stable deposits	145,217	18,401	148,486	18,997
7	Unsecured wholesale funding	307,414	166,606	297,867	157,736
8	of which: operational deposits (all counterparties) and deposits in networks for cooperative banks	100,182	24,155	102,110	24,633
9	of which: non-operational deposits (all counterparties)	189,725	124,944	180,773	118,119
10	of which: unsecured debt	17,507	17,507	14,984	14,984
11	Secured wholesale funding		1,313		1,147
12	Additional requirements	192,791	70,636	178,842	57,835
13	of which: outflows related to derivatives exposures and other collateral requirements	49,772	49,772	38,093	38,093
14	of which: outflows related to loss of funding on debt products	-	-	-	-
15	of which: credit and liquidity facilities	143,019	20,864	140,749	19,742
16	Other contractual funding obligations	8,705	-	9,083	-
17	Other contingent funding obligations	105,716	7,225	109,163	6,388
18	Total cash outflows		270,185		248,184
	Cash inflows				
19	Secured lending (e.g. reverse repos)	17,488	1,898	16,421	1,671
20	Inflows from fully performing exposures	27,826	19,121	28,406	19,323
21	Other cash inflows	41,993	41,993	35,617	35,617
22	Total cash inflows	87,307	63,012	80,444	56,611
23	Total liquid assets		260,407		246,617
24	Total net cash outflows		207,173		191,573
25	Liquidity Coverage Ratio (%)		125.7%		128.7%
	Number of data points used (simple average)		65		66

Liquidity Coverage Ratio (LCR)

ANZ’s average LCR for the 3 months to 30 December 2022 was 125.7% with total liquid assets exceeding net outflows by an average of $53.2 billion.

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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