2016 | BASEL III PILLAR 3 DISCLOSURE

AS AT 31 MARCH 2016

APS 330: PUBLIC DISCLOSURE

Important notice

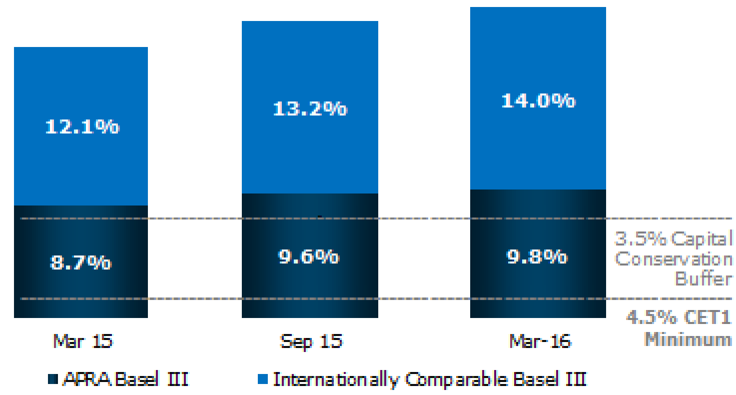
This document has been prepared by Australia and New Zealand Banking Group Limited (ANZ) to meet its disclosure obligations under the Australian Prudential Regulation Authority (APRA) ADI Prudential Standard (APS) 330: Public Disclosure.

TABLE OF CONTENTS[1]

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

Chapter 1 – Highlights

Common Equity Tier 1 (CET1) Ratios*

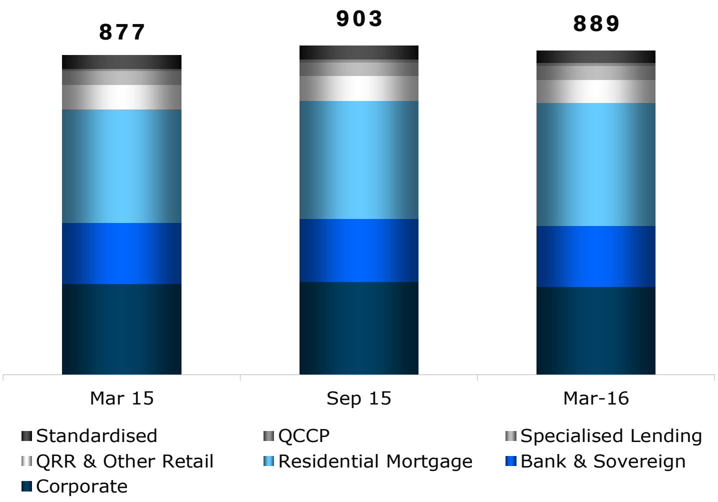


* Internationally Comparable methodology aligns with APRA's information paper entitled International Capital Comparison Study (13 July 2015). Basel III Internationally Comparable ratios do not include an estimate of the Basel I capital floor requirement.

Higher CET1 ratio at 1H16

- Capital ratios have increased in the half to March 2016. The increase was mainly driven by higher net organic capital generation of 76bps (contributed by earnings and lower capital usage from RWA reduction in Institutional, net of increased usage in capital deductions), less payment of the September 2015 Final Dividend (net of dividend reinvestment plan).

Post CRM Exposure at Default ($bn)*

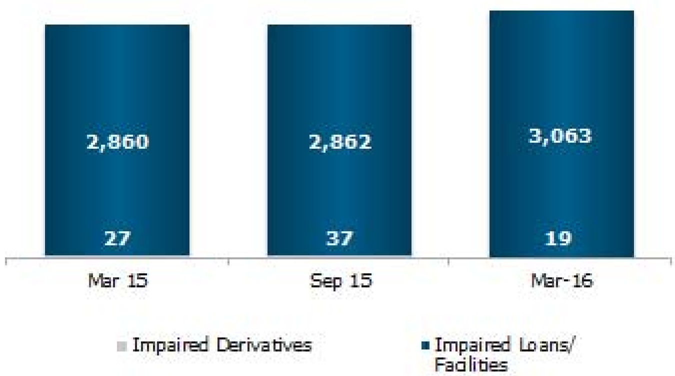


* Exposure at Default does not include Securitisation, Equities or Other Assets.

EAD down $14bn to $889bn for 1H16

- Growth in Residential Mortgages offset by significant decreases in Corporate, Qualifying Revolving Retail, Other Retail and Standardised Lending.

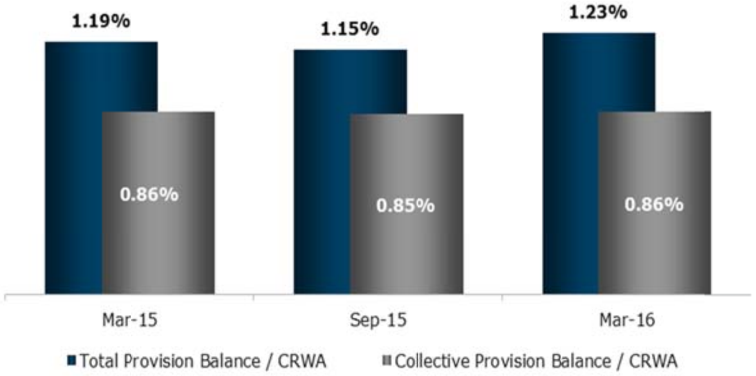
Impaired Assets ($m)



Impaired Assets up 7% HoH

- Impaired assets increased by 7% HoH due to a small number of Australian and multi-national customer exposures due to continued weakness in the commodity sector.

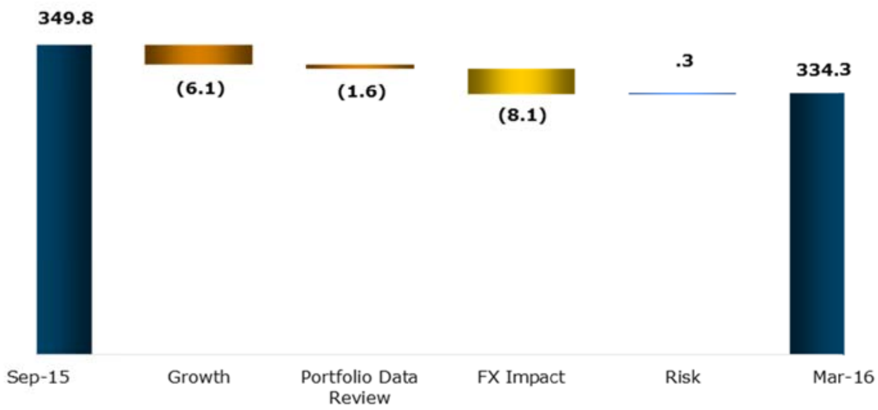
Provision Ratios (Provisions / Credit RWA)



Provision coverage remains sound

- The Total Provision ratio increased 0.08% to 1.23%, driven by reduction in Credit Risk Weighted Assets combined with an increase in individual provisions. Collective Provision ratio remained stable at 0.86%, and continues to provide adequate coverage.

Movement in Credit Risk Weighted Assets ($bn)

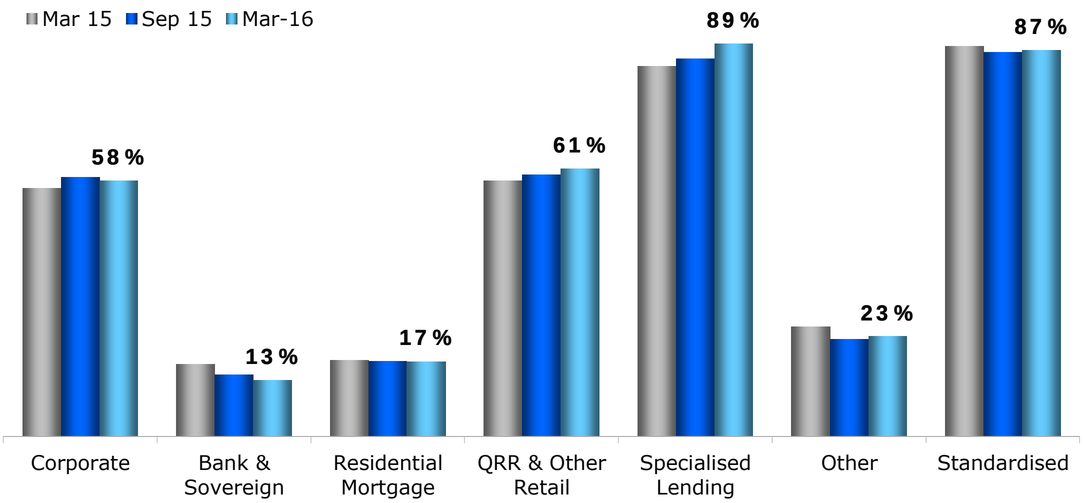


Credit Risk Weighted Assets (CRWA) decreased by $15.5bn HoH

- Decrease in CRWA is driven by decreases in Corporate and Standardised Basel Asset Class partially offset by Residential Mortgages and Specialised Lending.

- FX impact is mainly driven by appreciation of AUD against US and NZ currencies.

Average Risk Weights (Credit RWA / EAD*)



* Exposure at Default represents net credit exposure with offsets for credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral.

Chapter 2 - Introduction

Purpose of this document

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

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[2]. In simple terms, the Basel framework consists of three mutually reinforcing 'Pillars':

Pillar 1 Minimum capital requirement	**Pillar 2** Supervisory review process	**Pillar 3** Market discipline
Minimum capital requirements for Credit Risk, Operational Risk, Market Risk and Interest Rate Risk in the Banking Book	Firm-wide risk oversight, Internal Capital Adequacy Assessment Process (ICAAP), consideration of additional risks, capital buffers and targets and risk concentrations, etc.	Regular disclosure to the market of qualitative and quantitative aspects of risk management, capital adequacy and underlying risk metrics

APS 330 requires the publication of various levels of information on a quarterly, semi-annual and annual basis. This document is the semi-annual disclosure.

Basel in ANZ

In December 2007, ANZ received accreditation for the most advanced approaches permitted under Basel for credit risk and operational risk, complementing its accreditation for market risk. Effective January 2013, ANZ adopted APRA requirements for Basel III with respect to the measurement and monitoring of regulatory capital.

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 Financial Report and in Pillar 1 returns provided to APRA. In addition ANZ's external auditor has performed agreed procedures with respect to these disclosures.

Comparison to ANZ's Financial Reporting

These disclosures have been produced in accordance with regulatory capital adequacy concepts and rules, rather than in accordance with accounting policies adopted in ANZ's financial reports. As such, there are different areas of focus and measures in some common areas of disclosures. These differences are most pronounced in the credit risk disclosures, for instance:

- The principal method for measuring the amount at risk is Exposure at Default (EAD), which is the estimated amount of exposure likely to be owed on a credit obligation at the time of default. Under the Advanced Internal Ratings Based (AIRB) approach in APS 113 Capital Adequacy: Internal Ratings-based Approach to Credit Risk, banks are accredited to provide their own estimates of EAD for all exposures (drawn, commitments or contingents) reflecting the current balance as well as the likelihood of additional drawings prior to default.
- Loss Given Default (LGD) is an estimate of the amount of losses expected in the event of default. LGD is essentially calculated as the amount at risk (EAD) less expected net recoveries from realisation of collateral as well as any post default repayments of principal and interest.
- Most credit risk disclosures split ANZ's portfolio into regulatory asset classes, which span areas of ANZ's internal divisional and business unit organisational structure.

Unless otherwise stated, all amounts are rounded to AUD millions.

[2] Basel Committee on Banking Supervision, International Convergence of Capital Measurement and Capital Standards: A Revised Framework, 2004.

Chapter 3 – Capital and Capital Adequacy

Table 1 Common Disclosure template

The head of the Level 2 Group to which this prudential standard applies is Australia and New Zealand Banking Group Limited.

Table 1 of this chapter consists of a Common Disclosure template that assists users in understanding the differences between the application of the Basel III reforms in Australia and those rules as detailed in the document Basel III: A global regulatory framework for more resilient banks and banking systems, issued by the Bank for International Settlements. The common disclosure template in this chapter is the post January 2018 version as ANZ is fully applying the Basel III regulatory adjustments, as implemented by APRA. The capital conservation and countercyclical buffers referred to in rows 64 to 67 commenced on 1 January 2016 and the phase out period for capital instruments began on 1 January 2013.

The information in the lines of the template have been mapped to ANZ's Level 2 balance sheet, which adjusts for non-consolidated subsidiaries as required under APS 001: Definitions. Where this information cannot be mapped on a one to one basis, it is provided in an explanatory table. ANZ's material non-consolidated subsidiaries are also listed in this chapter.

Restrictions on Transfers of Capital within ANZ

ANZ operates branches and locally incorporated subsidiaries in many countries. These operations are capitalised at an appropriate level to cover the risks in the business and to meet local prudential requirements. This level of capitalisation may be enhanced to meet local taxation and operational requirements. Any repatriation of capital from subsidiaries or branches is subject to meeting the requirements of the local prudential regulator and/or the local central bank. Apart from ANZ's operations in New Zealand, local country capital requirements do not impose any material call on ANZ's capital base. ANZ undertakes banking activities in New Zealand principally through its wholly owned subsidiary, ANZ Bank New Zealand Limited, which is subject to minimum capital requirements as set by the Reserve Bank of New Zealand (RBNZ). The RBNZ adopted the Basel II framework, effective from 1 January 2008 and Basel III reforms from 1 January 2013 and ANZ Bank New Zealand Limited has been accredited to use the advanced approach for the calculation of credit risk and operational risk. ANZ Bank New Zealand Limited maintains a buffer above the minimum capital base required by the RBNZ. This capital buffer has been calculated via the ICAAP undertaken for ANZ Bank New Zealand Limited, to ensure ANZ Bank New Zealand Limited is appropriately capitalised under stressed economic scenarios.

Table 1 Common disclosure template

		Mar 16 $M	Reconciliation Table Reference
Common Equity Tier 1 Capital: instruments and reserves			
1	Directly issued qualifying ordinary shares (and equivalent for mutually-owned entities) capital	28,689	Table A
2	Retained earnings	26,426	Table B
3	Accumulated other comprehensive income (and other reserves)	418	Table C
4	Directly issued capital subject to phase out from CET1 (only applicable to mutually-owned companies)	n/a	
5	Ordinary share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	58	Table D
6	Common Equity Tier 1 capital before regulatory adjustments	**55,591**	
Common Equity Tier 1 capital : regulatory adjustments			
7	Prudential valuation adjustments	-	
8	Goodwill (net of related tax liability)	3,760	Table E
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	4,287	Table F
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	5	Table J
11	Cash-flow hedge reserve	239	
12	Shortfall of provisions to expected losses	600	Table G
13	Securitisation gain on sale	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	8	
15	Defined benefit superannuation fund net assets	126	Table H
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-	
17	Reciprocal cross-holdings in common equity	-	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
19	Significant investments in the ordinary shares of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	2,117	Table I
20	Mortgage service rights (amount above 10% threshold)	n/a	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	
22	Amount exceeding the 15% threshold	-	
23	of which: significant investments in the ordinary shares of financial entities	-	
24	of which: mortgage servicing rights	n/a	
25	of which: deferred tax assets arising from temporary differences	-	
26	National specific regulatory adjustments (sum of rows 26a - 26j)	6,347	
26a	of which: treasury shares	-	
26b	of which: offset to dividends declared under a dividend reinvestment plan (DRP), to the extent that the dividends are used to purchase new ordinary shares issued by the ADI	-	
26c	of which: deferred fee income	(290)	
26d	of which: equity investments in financial institutions not reported in rows 18, 19 and 23	4,699	Table I
26e	of which: deferred tax assets not reported in rows 10, 21 and 25	788	Table J
26f	of which: capitalised expenses	1,077	Table K
26g	of which: investments in commercial (non-financial) entities that are deducted under APRA prudential requirements	30	Table L
26h	of which: covered bonds in excess of asset cover in pools	-	
26i	of which: undercapitalisation of a non-consolidated subsidiary	-	
26j	of which: other national specific regulatory adjustments not reported in rows 26a to 26i	43	
27	Regulatory adjustments applied to CET1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	
28	Total regulatory adjustments to CET1	**17,489**	
29	Common Equity Tier 1 Capital (CET1)	**38,102**	

		Mar 16 $M	Reconciliation Table Reference
Additional Tier 1 Capital: instruments			
30	Directly issued qualifying Additional Tier 1 instruments	3,700	Table M
31	of which: classified as equity under applicable accounting standards	-	
32	of which: classified as liabilities under applicable accounting standards	3,700	Table M
33	Directly issued capital instruments subject to phase out from Additional Tier 1	3,309	Table M
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	357	Table M
35	of which: instruments issued by subsidiaries subject to phase out	n/a	
36	Additional Tier 1 Capital before regulatory adjustments	7,366	
Additional Tier 1 Capital: regulatory adjustments			
37	Investments in own Additional Tier 1 instruments	-	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	405	Table M
41	National specific regulatory adjustments (sum of rows 41a - 41c)	1	
41a	of which: holdings of capital instruments in group members by other group members on behalf of third parties	-	
41b	of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 39 and 40	-	
41c	of which: other national specific regulatory adjustments not reported in rows 41a and 41b	1	Table M
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
43	Total regulatory adjustments to Additional Tier 1 capital	406	
44	Additional Tier 1 capital (AT1)	6,960	
45	Tier 1 Capital (T1=CET1+AT1)	45,062	
Tier 2 Capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments	3,917	
47	Directly issued capital instruments subject to phase out from Tier 2	3,369	Table N
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group T2)	687	
49	of which: instruments issued by subsidiaries subject to phase out	687	Table N
50	Provisions	255	Table G
51	Tier 2 Capital before regulatory adjustments	8,228	
Tier 2 Capital: regulatory adjustments			
52	Investments in own Tier 2 instruments	10	Table N
53	Reciprocal cross-holdings in Tier 2 instruments	-	
54	Investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
55	Significant investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions	85	Table N
56	National specific regulatory adjustments (sums of rows 56a - 56c)	57	
56a	of which: holdings of capital instruments in group members by other group members on behalf of third parties	-	
56b	of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55	57	Table N
56c	of which: other national specific regulatory adjustments not reported in rows 56a and 56b	-	
57	Total regulatory adjustments to Tier 2 capital	152	
58	Tier 2 capital (T2)	8,076	
59	Total capital (TC=T1+T2)	53,138	
60	Total risk-weighted assets based on APRA standards	388,335	

		Mar 16 $M	Reconciliation Table Reference
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	9.8%	
62	Tier 1 (as a percentage of risk-weighted assets)	11.6%	
63	Total capital (as a percentage of risk-weighted assets)	13.7%	
64	Buffer requirement (minimum CET1 requirement of 4.5% plus capital conservation buffer of 2.5% plus any countercyclical buffer requirements expressed as a percentage of risk-weighted assets)	8.017%	
65	of which: capital conservation buffer requirement	3.5%[3]	
66	of which: ADI-specific countercyclical buffer requirements	0.017%	
67	of which: G-SIB buffer requirement (not applicable)	n/a	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk-weighted assets)	5.3%	
National minima (if different from Basel III)			
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	n/a	
70	National Tier 1 minimum ratio (if different from Basel III minimum)	n/a	
71	National total capital minimum ratio (if different from Basel III minimum)	n/a	
Amount below thresholds for deductions (not risk-weighted)			
72	Non-significant investments in the capital of other financial entities	98	
73	Significant investments in the ordinary shares of financial entities	4,657	Table I
74	Mortgage servicing rights (net of related tax liability)	n/a	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	788	Table J
Applicable caps on the inclusion of provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	255	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	468	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	1,781	
Capital instruments subject to phase-out arrangements (only application between 1 January 2018 to 1 January 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	n/a	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	n/a	
82	Current cap on AT1 instruments subject to phase out arrangements	3,589	
83	Amount excluded from AT1 instruments due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase out arrangements	4,122	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	1,649	

Counter Cyclical Capital Buffer

Geographic breakdown of Private Sector Credit Exposures	Hong Kong $M	Sweden $M	Other $M	Total $M
RWA for all private sector credit exposures	7,490	587	298,153	306,230
Jurisdictional buffer set by national authorities	0.625%	1.000%	0.000%	n/a
Countercyclical buffer requirement	0.015%	0.002%	0.000%	0.017%

From 1 January 2016, ADIs are required to hold capital buffers determined by the national authority of jurisdictions where they have private sector credit exposures based on credit conditions in those markets. The countercyclical capital buffer is designed to ensure that ADIs build up capital buffers when excess aggregate credit growth is judged to be associated with a build-up of system-wide risk. This additional buffer can then be released during periods of stress, to reduce the risk of the supply of credit being impacted by regulatory capital requirements. The countercyclical capital buffer is to be applied by extending the range of the capital conservation buffer, which also came into effect from 1 January 2016.

The ADI specific buffer is the weighted average of the jurisdictional buffers advised by the relevant national authorities.

[3] Includes 1.0% buffer applied by APRA to ADI's deemed as domestic systemically important.

The following table shows ANZ's consolidated balance sheet and the adjustments required to derive the Level 2 balance sheet. The adjustments remove the external assets and liabilities of the entities deconsolidated for prudential purposes and reinstate any intragroup assets and liabilities, treating them as external to the Level 2 group.

Assets	**Balance Sheet as in published financial statements ($m)**	**Adjustments ($m)**	**Balance sheet under scope of regulatory consolidation ($m)**	**Template and Reconciliation Table Reference**
Cash	49,144	(3)	49,141	
Settlement balances owed to ANZ	26,048	-	26,048	
Collateral Paid	12,783	-	12,783	
Trading securities	50,073	-	50,073	
of which: Financial Institutions capital instruments			67	Table N
Derivative financial instruments	88,747	-	88,747	
Available-for-sale assets	50,377	(1,320)	49,057	
of which: Financial institutions equity instruments			931	Table I
of which: Other entities equity investments			20	Table L
Net loans and advances	561,768	(143)	561,625	
of which: deferred fee income			(290)	Row 26c
of which: collective provision			(2,862)	Table G
of which: individual provisions			(1,238)	Table G
of which: capitalised brokerage			1,013	Table K
of which: Financial Institutions equity exposures			1	Table I
of which: Other equity exposures			3	Table L
of which: CET1 margin lending adjustment			43	Row 26j
of which: AT1 margin lending adjustment			1	Table M
Regulatory deposits	2,135	-	2,135	
Due from controlled entities	-	269	269	
of which: Significant investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation			85	Table N
Shares in controlled entities	-	4,760	4,760	
of which: Investment in deconsolidated financial subsidiaries			4,355	Table I
of which: AT1 significant investment in banking, financial and insurance entities that are outside the scope of regulatory consolidation			405	Table M
Shares in associates	4,213	(3)	4,210	
of which: Financial Institutions			4,204	Table I
of which: Other Entities			7	Table L
Current tax assets	289	-	289	
Deferred tax assets	578	112	690	Table J
of which: Deferred tax assets that rely on future profitability			5	Table J
Goodwill and other intangible assets	7,585	(1,949)	5,636	
of which: Goodwill			3,380	Table E
of which: Software			2,249	Table F
of which: other intangible assets			7	Table F
Investments backing policy liabilities	34,541	(34,541)	-	
Premises and equipment	2,188	(2)	2,186	
Other assets	4,809	(1,416)	3,393	
of which: Defined benefit superannuation fund net assets			157	
Total Assets	**895,278**	**(34,236)**	**861,042**	

Liabilities	Balance Sheet as in published financial statements ($m)	Adjustments ($m)	Balance sheet under scope of regulatory consolidation ($m)	Template and Reconciliation Table Reference
Settlement balances owed by ANZ	13,626	-	13,626	
Collateral Received	6,615	-	6,615	
Deposits and other borrowings	578,071	5,589	583,660	
Derivative financial instruments	91,706	(1)	91,705	
Due to controlled entities	-	810	810	
Current tax liabilities	129	(114)	15	
Deferred tax liabilities	286	(246)	40	Table J
of which: related to intangible assets			60	Table F
of which: related to capitalised expenses			4	Table K
of which: related to defined benefit super assets			31	Table H
Policy liabilities	35,159	(35,159)	-	
External unit holder liabilities	3,265	(3,265)	-	
Payables and other liabilities	9,251	(1,286)	7,965	
Provisions	1,202	(37)	1,165	
Debt Issuances	81,947	12	81,959	
Subordinated Debt	17,557	19	17,576	
of which: Directly issued qualifying Additional Tier 1 instruments			3,674	Table M
of which: Directly issued capital instruments subject to phase out from Additional Tier 1			3,307	Table M
of which: Additional Tier 1 Instruments issued by subsidiaries held by third parties			446	Table M
of which: Directly issued capital instruments subject to phase out from Tier 2			5,479	Table N
of which: Directly issued qualifying Tier 2 instruments			3,917	Table N
of which: instruments issued by subsidiaries subject to phase out			753	Table N
Total Liabilities	**838,814**	**(33,678)**	**805,136**	
Net Assets	**56,464**	**(558)**	**55,906**	

Shareholders' equity	Balance Sheet as in published financial statements ($m)	Adjustments ($m)	Balance sheet under scope of regulatory consolidation ($m)	Template and Reconciliation Table Reference
Ordinary Share Capital	28,625	255	28,880	Table A
of which: Share reserve			191	Table A & C
Reserves	377	(94)	283	Table C
of which: Cash flow hedging reserves			239	Row 11
Retained earnings	27,361	(716)	26,645	Table B
Share capital and reserves attributable to shareholders of the Company	**56,363**	**(555)**	**55,808**	
Non-controlling interest	101	(3)	98	Table D
Total shareholders' equity	**56,464**	**(558)**	**55,906**	

The following reconciliation tables provide additional information on the difference between Table 1 Common Disclosure template and the Level 2 balance sheet.

Table A		**Mar 16** $M	**Table 1 Reference**
	Issued capital	28,880	
less	Reclassification to reserves	(191)	Table C
	Regulatory Directly Issued qualifying ordinary shares	**28,689**	Row 1

Table B		**Mar 16** $M	**Table 1 Reference**
	Retained earnings	26,645	
less	Regulatory reclassification from significant investments in the ordinary shares of banking, financial and insurance entities outside the scope of regulatory consolidation	(219)	Table I
	Retained earnings	**26,426**	Row 2

Table C		**Mar 16** $M	**Table 1 Reference**
	Reserves	283	
add	Reclassification from Issued Capital	191	Table A
less	Non qualifying reserves	(56)	
	Reserves for Regulatory capital purposes (amount allowed in group CET1)	418	Row 3

Table D		**Mar 16** $M	**Table 1 Reference**
	Non-controlling interests	98	
less	Surplus capital attributable to minority shareholders	(40)	
	Ordinary share capital issued by subsidiaries and held by third parties	58	Row 5

Table E		**Mar 16** $M	**Table 1 Reference**
	Goodwill	3,380	
add	Goodwill component of investments in financial associates	380	Table I
	Goodwill (net of related tax liability)	**3,760**	Row 8

Table F		**Mar 16** $M	**Table 1 Reference**
	Software	2,249	
	Other intangible assets	7	
less	Associated deferred tax liabilities	(60)	
add	Regulatory reclassification from significant investments in the ordinary shares of banking, financial and insurance entities outside the scope of regulatory consolidation	2,091	Table I
	Other intangibles other than mortgage servicing rights (net of related tax liability)	**4,287**	Row 9

Table G		Mar 16 $M	Table 1 Reference
	Qualifying collective provision		
	Collective provision	(2,862)	
less	Non-qualifying collective provision	313	
less	Standardised collective provision	255	Row 50
less	Non-defaulted expected loss	2,894	
	Non-Defaulted: Expected Loss - Eligible Provision Shortfall	600	
	Qualifying individual provision		
	Individual provision	(1,238)	
add	Additional individual provisions for partial write offs	(528)	
less	Standardised individual provision	171	
add	Collective provision on advanced defaulted	(265)	
less	Defaulted expected loss	1,846	
	Defaulted: Expected Loss - Eligible Provision Shortfall	-	
	Gross deduction	**600**	Row 12

Table H		Mar 16 $M	Table 1 Reference
	Defined benefit superannuation fund net assets	157	
	Associated deferred tax liabilities	(31)	
	Defined benefit superannuation fund net assets	**126**	Row 15

Table I		Mar 16 $M	Table 1 Reference
	Investment in deconsolidated financial subsidiaries	4,355	
less	Regulatory reclassification to Retained Earnings and Other Intangible Assets	(2,309)	Tables B & F
add	Investment in financial associates	4,204	
less	Investment in financial institutions Available for Sale	904	
less	Goodwill component of investments in financial associates	(380)	Table E
less	Amount below 10% threshold of CET 1	(4,657)	Row 73
	Significant investments in the ordinary shares of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	2,117	Row 19
add	Amount below the 10% threshold of CET 1	4,657	Row 73
add	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital – trading security exposures	-	
add	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital - Available for Sale exposures	27	
	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital - Loan exposures	1	
	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital - Undrawn	14	
	Equity investment in financial institutions not reported in rows 18, 19 and 23	4,699	Row 26d
	Deduction for equity holdings in financial institutions - APRA regulations	**6,816**	

Table J		Mar 16 $M	Table 1 Reference
	Deferred tax assets	690	
add	Deferred tax liabilities	(40)	
	Deferred tax asset less deferred tax liabilities	650	
less	Deferred tax assets that rely on future profitability	(5)	Row 10
add	Deferred tax liabilities on intangible assets, capitalised expenses and defined benefit superannuation assets	95	
add	Impact of calculating the deduction on a jurisdictional basis	48	
	Deferred tax assets not reported in rows 10, 21 and 25 of the Common Disclosure Template	788	Row 26e

Table K		Mar 16 $M	Table 1 Reference
	Capitalised brokerage costs	1,013	
	Capitalised debt and capital issuance expenses	68	
less	Associated deferred tax liabilities	(4)	
	Capitalised expenses	**1,077**	Row 26f

Table L		Mar 16 $M	Table 1 Reference
	Investments in non-financial Available for Sale equities	20	
	Investments in non financial associates	7	
	Non financial equity exposures (loans)	3	
	Equity exposures to non financial entities	**30**	Row 26g

Table M		Mar 16 $M	Table 1 Reference
	Directly issued qualifying Additional Tier 1 Capital Instruments classified as liabilities	3,674	
add	Issue costs	26	
	Directly issued qualifying Additional Tier 1 Capital Instruments classified as liabilities	3,700	Row 30
	Directly issued capital instruments subject to phase out from Additional Tier 1 – loan capital	3,307	
add	Issue costs	2	
less	Transitional adjustment	-	
	Directly issued capital instruments subject to phase out from Additional Tier 1	3,309	Row 33
	Additional Tier 1 instruments issued by subsidiaries held by third parties	446	
add	Issue costs	5	
	Surplus capital attributable to third party holders	(94)	
add	AT1 Instruments issued by subsidiaries and held by third parties (amounts allowed in Group AT1)	**357**	Row34
	Additional Tier 1 capital before regulatory adjustments	**7,366**	Row 36
less	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation	(405)	Row 40
	Other national specific regulatory adjustments not reported	(1)	Row 40
	Additional Tier 1 capital	**6,960**	Row 44

Table N		Mar 16 $M	Table 1 Reference
	Directly issued capital instruments subject to phase out from Tier 2	5,479	
add	Issue costs	16	
add	Amortisation of Tier 2 Capital Instruments subject to Phase out	(222)	
less	Fair value adjustment	(255)	
less	Transition adjustment	(1,649)	
	Directly issued capital instruments subject to phase out from Tier 2	3,369	Row 47
	Instruments issued by subsidiaries subject to phase out from Tier 2	753	
less	Surplus capital attributable to third party holders	(66)	
	Instruments issued by subsidiaries subject to phase out from Tier 2	687	Row 49
add	Directly issued qualifying Tier 2 instruments	3,917	Row 46
add	Provisions	255	Table G
	Tier 2 capital before regulatory adjustments	8,228	Row 51
less	Investments in own Tier 2 instruments (trading limit)	(10)	Row 52
less	Significant investments in the Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions	(85)	Row 55
less	Investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55	(57)	Row 56b
	Tier 2 capital	**8,076**	Row 58

The following table provides details of entities included within the accounting scope of consolidation but excluded from regulatory consolidation.

Entity	Activity	Total Assets ($M)	Total Liabilities ($M)
ACN 008 647 185 Pty Ltd	Holding Company / Corporate	-	-
Advice for Life Pty Ltd	Advice	-	-
ANZ ILP Pty Ltd	Incorporated Legal Practice	1	-
ANZ Insurance Broker Co Ltd	Insurance Broker	27	2
ANZ Investment Services (New Zealand) Limited	Funds Manager	39	27
ANZ Lenders Mortgage Insurance Pty Limited	Mortgage insurance	1,196	731
ANZ Life Assurance Company Pty Limited	Insurance	3	-
ANZ New Zealand Investments Limited	Funds Manager	123	27
ANZ New Zealand Investments Nominees Limited	Trustee/Nominee	-	-
ANZ Private Equity Management Limited	Investment	-	-
ANZ Self Managed Super Limited	Investment	-	-
ANZ Specialist Asset Management Limited	Trustee/Nominee	14	7
ANZ Wealth Alternative Investments Management Pty Ltd	Investment	1,721	1,722
ANZ Wealth Australia Limited	Holding Company / Corporate	2,677	-
ANZ Wealth New Zealand Limited	Holding Company	463	-
ANZcover Insurance Private Ltd	Captive-Insurance	171	110
AUT Administration Pty Ltd	Corporate	1	-
Capricorn Financial Advisers Pty Ltd	Advice	-	2
Elders Financial Planning Pty Ltd	Advice	8	2
Financial Investment Network Group Pty Ltd	Advice	69	1
Financial Lifestyle Solutions Pty Limited	Advice	4	5
Financial Planning Hotline Pty Ltd	Advice	-	-
Financial Services Partners Holdings Pty Limited	Holding Company / Advice	2	0
Financial Services Partners Incentive Co Pty Limited	Advice	-	-
Financial Services Partners Management Pty Limited	Advice	-	-
Financial Services Partners Pty Ltd	Advice	3	2
FSP Funds Management Limited	Advice	1	-
FSP Group Pty Limited	Holding Company / Advice	17	1
FSP Portfolio Administration Limited	Advice	1	-
FSP Super Pty Limited	Advice	6	-
Integrated Networks Pty Limited	Holding Company / Advice	44	-
Mercantile Mutual Financial Services Pty Ltd	Investment	1	-
Millennium 3 Financial Services Group Pty Ltd	Advice	47	12
Millennium 3 Financial Services Pty Ltd	Advice	20	12
Millennium 3 Mortgage Platform Services Pty Limited	Advice	-	-
Millennium 3 Professional Services Pty Ltd	Advice	1	-
OASIS Asset Management Limited	Investment	15	6
OASIS Fund Management Limited	Superannuation	6	4
OneAnswer Nominees Limited	Trustee/Nominee	-	-
OnePath Administration Pty Ltd	Corporate	69	29
OnePath Custodians Pty Ltd	Superannuation	43	3
OnePath Financial Planning Pty Ltd	Advice	1	-
OnePath Funds Management Ltd	Investment	73	27
OnePath General Insurance Pty Ltd	Insurance	254	186
OnePath Investment Holdings Pty Ltd	Holding company	7	-
OnePath Life (NZ) Limited	Insurance	850	279
OnePath Life Australia Holdings Pty Ltd	Holding Company / Corporate	3,000	-
OnePath Life Limited	Insurance	38,805	36,228
Polaris Financial Solutions Pty Limited	Advice	-	1
RI Advice Group Pty Ltd	Advice	19	3
RI Central Coast Pty Ltd	Advice	1	-

Entity	Activity	Total Assets ($M)	Total Liabilities ($M)
RI Gold Coast Pty Ltd	Advice	1	-
RI Maroochydore Pty Ltd	Advice	-	-
RI Newcastle Pty Ltd	Advice	2	-
RI Parramatta Pty Ltd	Advice	1	-
RI Rockhampton & Gladstone Pty Ltd	Advice	2	-
RI Townsville Pty Ltd	Advice	-	-
Rieas Pty Ltd	Advice	-	-
Shout for Good Pty Ltd	Fundraising	-	-
Tandem Financial Advice Limited	Advice	-	-

Table 2 Main features of capital instruments

As the main feature of ANZ's capital instruments are updated on an ongoing basis, ANZ has provided this information separately in the Regulatory Disclosures section of its website.

Table 3 Capital adequacy, Table 4 Credit risk, Table 5 Securitisation

The above tables are produced at the quarters ending 30 June and 31 December.

Table 6 Capital adequacy - Capital Ratio and Risk Weighted Assets

The following table provides the composition of capital used for regulatory purposes and capital adequacy ratios.

Risk weighted assets (RWA)	Mar 16 $M	Sep 15 $M	Mar 15 $M
Subject to Advanced Internal Rating Based (IRB) approach			
Corporate	139,643	150,165	140,451
Sovereign	6,185	6,664	5,385
Bank	15,061	17,445	22,078
Residential Mortgage	57,218	54,996	53,501
Qualifying Revolving Retail	7,744	7,546	7,775
Other Retail	30,681	32,990	31,664
Credit risk weighted assets subject to Advanced IRB approach	**256,532**	**269,806**	**260,854**
Credit risk Specialised Lending exposures subject to slotting approach[4]	**35,066**	**32,240**	**31,442**
Subject to Standardised approach			
Corporate	22,941	26,217	27,033
Residential Mortgage	2,616	2,882	2,603
Other Retail	3,550	3,625	3,271
Credit risk weighted assets subject to Standardised approach	**29,107**	**32,724**	**32,907**
Credit Valuation Adjustment and Qualifying Central Counterparties	**8,355**	**10,170**	**9,630**
Credit risk weighted assets relating to securitisation exposures	1,194	1,156	1,067
Other assets	4,054	3,655	3,797
Total credit risk weighted assets	**334,308**	**349,751**	**339,697**
Market risk weighted assets	6,059	6,868	6,042
Operational risk weighted assets	37,688	37,885	33,434
Interest rate risk in the banking book (IRRBB) risk weighted assets	10,280	7,433	7,690
Total risk weighted assets	**388,335**	**401,937**	**386,863**
Capital ratios (%)[5]			
Level 2 Common Equity Tier 1 capital ratio	**9.8%**	**9.6%**	**8.7%**
Level 2 Tier 1 capital ratio	**11.6%**	**11.3%**	**10.6%**
Level 2 Total capital ratio	**13.7%**	**13.3%**	**12.6%**
Level 1: Extended licensed Common Equity Tier 1 capital ratio	**10.2%**	**9.6%**	**8.8%**
Level 1: Extended licensed entity Tier 1 capital ratio	**12.2%**	**11.6%**	**10.9%**
Level 1: Extended licensed entity Total capital ratio	**14.4%**	**13.7%**	**13.1%**
Other significant Authorised Deposit-taking Institution (ADI) or overseas bank subsidiary:			
ANZ Bank New Zealand Limited –Common Equity Tier 1 capital ratio	**10.0%**	**10.5%**	**10.1%**
ANZ Bank New Zealand Limited - Tier 1 capital ratio	**12.2%**	**12.7%**	**12.4%**
ANZ Bank New Zealand Limited - Total capital ratio	**12.8%**	**13.6%**	**13.3%**

[4] 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.

[5] ANZ Bank New Zealand 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 $15.4 billion (4%) from September 2015 to $334.3 billion at March 2016, including an $8.1 billion decrease due to foreign currency movements. Portfolio contraction in our Institutional business contributed further to the decrease mainly seen in AIRB Corporate, AIRB Bank and Standardised Corporate asset classes. The decrease was partially offset by portfolio growth in Australia and New Zealand business which contributed to the increase in IRB Residential Mortgage and Specialised Lending asset classes. The reduction in IRB Other Retail was mainly driven by the sale of our Esanda business.

Market Risk, Operational Risk and IRRBB RWA

Traded Market Risk RWA has decreased from $6.9 billion to $6.1 billion during first half as both Internal Model RWA and Standard Model RWA decreased, reflecting changes in portfolio diversification and a reduction in credit instrument exposure respectively.

Increase in IRRBB RWA was due to an increase in repricing and yield curve risk combined with a decrease in embedded gains.

The Operational Risk RWA remained relatively unchanged since September 2015 reflecting minimal change in the ANZ operational risk profile.

Chapter 4 –Credit risk

Table 7 Credit risk – General disclosures

Exposure at default

Exposure at Default is defined as the expected facility exposure at the date of default. Unless otherwise stated, throughout this disclosure EAD represents gross credit exposure without offsets for credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral.

Table Exposure at Default

	Mar 16		
Advanced IRB approach	Exposure at Default Pre Credit Risk Mitigation $M	Credit Risk Mitigation $M	Exposure at Default Post Credit Risk Mitigation $M
Corporate	264,721	23,701	241,020
Sovereign	129,618	11,399	118,219
Bank	112,470	63,343	49,127
Residential Mortgage	337,314	-	337,314
Qualifying Revolving Retail	22,417	-	22,417
Other Retail	40,943	-	40,943
Total Advanced IRB approach	**907,483**	**98,443**	**809,040**
Specialised Lending	**39,458**	**51**	**39,407**
Standardised approach			
Corporate	27,012	4,462	22,550
Residential Mortgage	7,183	-	7,183
Other Retail	3,570	13	3,557
Total Standardised approach	**37,765**	**4,475**	**33,290**
Credit Valuation Adjustment and Qualifying Central Counterparties	**43,003**	**35,310**	**7,693**
Total	**1,027,709**	**138,279**	**889,430**

Table 7(b) part (i): Period end and average Exposure at Default [6] [7]

	Mar 16				
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	139,643	264,721	270,618	438	144
Sovereign	6,185	129,618	128,484	2	-
Bank	15,061	112,470	114,184	-	-
Residential Mortgage	57,218	337,314	330,244	10	16
Qualifying Revolving Retail	7,744	22,417	22,252	96	130
Other Retail	30,681	40,943	43,647	258	250
Total Advanced IRB approach	**256,532**	**907,483**	**909,429**	**804**	**540**
Specialised Lending	**35,066**	**39,458**	**38,606**	**6**	**6**
Standardised approach					
Corporate	22,941	27,012	28,689	2	2
Residential Mortgage	2,616	7,183	7,506	(2)	4
Other Retail	3,550	3,570	3,603	82	104
Total Standardised approach	**29,107**	**37,765**	**39,798**	**82**	**110**
Credit Valuation Adjustment and Qualifying Central Counterparties	**8,355**	**43,003**	**38,129**	**-**	**-**
Total	**329,060**	**1,027,709**	**1,025,962**	**892**	**656**

[6] Exposure at Default in Table 7 includes Advanced IRB, Specialised Lending and Standardised exposures, however does not include Securitisation, Equities or Other Assets exposures. Exposure at Default in Table 7 is gross of credit risk mitigation such as guarantees, credit derivatives, netting and financial collateral.

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

Advanced IRB approach	Sep 15 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	150,165	276,516	274,042	204	197
Sovereign	6,664	127,349	120,166	(2)	-
Bank	17,445	115,898	119,246	-	-
Residential Mortgage	54,996	323,174	316,986	9	17
Qualifying Revolving Retail	7,546	22,088	22,011	102	145
Other Retail	32,990	46,351	46,236	279	272
Total Advanced IRB approach	**269,806**	**911,376**	**898,687**	**592**	**631**
Specialised Lending	**32,240**	**37,754**	**37,639**	**(15)**	**61**
Standardised approach					
Corporate	26,217	30,365	30,283	10	34
Residential Mortgage	2,882	7,829	7,559	-	4
Other Retail	3,625	3,636	3,460	68	85
Total Standardised approach	**32,724**	**41,830**	**41,302**	**78**	**123**
Credit Valuation Adjustment and Qualifying Central Counterparties	**10,170**	**33,255**	**29,771**	**-**	**-**
Total	**344,940**	**1,024,215**	**1,007,399**	**655**	**815**

Advanced IRB approach	Mar 15 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	140,451	271,567	260,156	144	142
Sovereign	5,385	112,983	100,165	1	-
Bank	22,078	122,594	120,741	-	-
Residential Mortgage	53,501	310,799	302,602	4	21
Qualifying Revolving Retail	7,775	21,934	21,703	89	129
Other Retail	31,664	46,120	42,783	190	206
Total Advanced IRB approach	**260,854**	**885,997**	**848,150**	**428**	**498**
Specialised Lending	**31,442**	**37,525**	**36,237**	**16**	**21**
Standardised approach					
Corporate	27,033	30,201	27,838	4	16
Residential Mortgage	2,603	7,289	6,924	-	4
Other Retail	3,271	3,283	3,148	7	70
Total Standardised approach	**32,907**	**40,773**	**37,910**	**11**	**90**
Credit Valuation Adjustment and Qualifying Central Counterparties	**9,630**	**26,287**	**18,366**	**-**	**-**
Total	**334,833**	**990,582**	**940,663**	**455**	**609**

Table 7(b) part(ii): Exposure at Default by portfolio type[8]

Portfolio Type	Mar 16 $M	Sep 15 $M	Mar 15 $M	Average for half year Mar 16 $M
Cash	47,306	29,176	33,045	38,241
Contingents liabilities, commitments, and other off-balance sheet exposures	160,920	162,535	158,355	161,728
Derivatives	143,371	141,641	133,552	142,505
Settlement Balances	20,026	39,216	35,358	29,621
Investment Securities	43,578	37,811	32,411	40,695
Net Loans, Advances & Acceptances	562,670	565,448	551,854	564,059
Other assets	19,231	12,114	9,717	15,673
Trading Securities	30,607	36,274	36,290	33,441
Total exposures	**1,027,709**	**1,024,215**	**990,582**	**1,025,963**

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

Table 7(c): Geographic distribution of Exposure at Default

	Mar 16			
Portfolio Type	Australia $M	New Zealand $M	Asia Pacific, Europe and Americas $M	Total $M
Corporate	151,168	47,384	93,181	**291,733**
Sovereign	45,334	11,910	72,374	**129,618**
Bank	72,377	6,866	33,227	**112,470**
Residential Mortgage	270,025	67,289	7,183	**344,497**
Qualifying Revolving Retail	22,417	-	-	**22,417**
Other Retail	29,187	11,784	3,542	**44,513**
Qualifying Central Counterparties	26,950	11,324	4,729	**43,003**
Specialised Lending	29,324	9,712	422	**39,458**
Total exposures	**646,782**	**166,269**	**214,658**	**1,027,709**

	Sep 15			
Portfolio Type	Australia $M	New Zealand $M	Asia Pacific, Europe and Americas $M	Total $M
Corporate	148,299	47,904	110,678	**306,881**
Sovereign	40,524	11,265	75,560	**127,349**
Bank	74,759	6,699	34,440	**115,898**
Residential Mortgage	257,901	65,273	7,829	**331,003**
Qualifying Revolving Retail	22,088	-	-	**22,088**
Other Retail	34,561	11,822	3,604	**49,987**
Qualifying Central Counterparties	20,559	9,425	3,271	**33,255**
Specialised Lending	28,075	9,242	437	**37,754**
Total exposures	**626,766**	**161,630**	**235,819**	**1,024,215**

	Mar 15			
Portfolio Type	Australia $M	New Zealand $M	Asia Pacific, Europe and Americas $M	Total $M
Corporate	148,289	49,766	103,713	**301,768**
Sovereign	36,638	11,413	64,932	**112,983**
Bank	78,955	7,326	36,313	**122,594**
Residential Mortgage	244,269	66,530	7,289	**318,088**
Qualifying Revolving Retail	21,934	-	-	**21,934**
Other Retail	33,500	12,649	3,254	**49,403**
Qualifying Central Counterparties	17,043	5,803	3,441	**26,287**
Specialised Lending	27,661	9,325	539	**37,525**
Total exposures	**608,289**	**162,812**	**219,481**	**990,582**

Table 7(d): Industry distribution of Exposure at Default[9] [10]

Portfolio Type	Agriculture, Forestry, Fishing & Mining $M	Business Services $M	Construction $M	Electricity, Gas & Water Supply $M	Entertainment, Leisure & Tourism $M	Financial, Investment & Insurance $M	Government and Official Institutions $M	Manufacturing $M	Personal $M	Property Services $M	Wholesale Trade $M	Retail Trade $M	Transport & Storage $M	Other $M	Total $M
	Mar 16														
Corporate	43,525	10,816	6,964	10,079	12,903	51,470	3,173	47,643	2,292	20,603	29,072	16,327	17,763	19,103	**291,733**
Sovereign	1,192	8	58	671	8	83,270	42,160	1,208	-	514	33	-	221	275	**129,618**
Bank	1	-	1	-	-	112,347	-	101	-	-	-	-	20	-	**112,470**
Residential Mortgage	-	-	-	-	-	-	-	-	344,497	-	-	-	-	-	**344,497**
Qualifying Revolving Retail	-	-	-	-	-	-	-	-	22,417	-	-	-	-	-	**22,417**
Other Retail	3,365	2,553	3,725	102	2,194	641	9	1,497	18,320	1,220	1,156	4,178	1,430	4,123	**44,513**
Qualifying Central Counterparties	-	-	-	-	-	43,003	-	-	-	-	-	-	-	-	**43,003**
Specialised Lending	1,065	7	162	1,634	191	7	-	4	-	34,541	7	6	1,140	694	**39,458**
Total exposures	**49,148**	**13,384**	**10,910**	**12,486**	**15,296**	**290,738**	**45,342**	**50,453**	**387,526**	**56,878**	**30,268**	**20,511**	**20,574**	**24,195**	**1,027,709**
% of Total	*4.8%*	*1.3%*	*1.1%*	*1.2%*	*1.5%*	*28.3%*	*4.4%*	*4.9%*	*37.7%*	*5.5%*	*2.9%*	*2.0%*	*2.0%*	*2.4%*	*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 and Personal & Other Services.

	Sep 15														
Portfolio Type	Agriculture, Forestry, Fishing & Mining $M	Business Services $M	Construction $M	Electricity, Gas & Water Supply $M	Entertainment, Leisure & Tourism $M	Financial, Investment & Insurance $M	Government and Official Institutions $M	Manufacturing $M	Personal $M	Property Services $M	Wholesale Trade $M	Retail Trade $M	Transport & Storage $M	Other $M	Total $M
Corporate	46,379	11,396	7,481	11,135	12,583	51,661	3,389	54,556	2,088	20,874	32,840	16,348	17,113	19,038	**306,881**
Sovereign	1,268	9	59	677	4	85,203	37,810	1,443	-	260	44	-	249	323	**127,349**
Bank	1	-	-	-	-	115,761	-	111	-	2	-	-	23	-	**115,898**
Residential Mortgage	-	-	-	-	-	-	-	-	331,003	-	-	-	-	-	**331,003**
Qualifying Revolving Retail	-	-	-	-	-	-	-	-	22,088	-	-	-	-	-	**22,088**
Other Retail	3,506	2,831	4,040	117	2,156	658	11	1,537	23,096	1,172	1,169	4,221	1,468	4,005	**49,987**
Qualifying Central Counterparties	-	-	-	-	-	33,255	-	-	-	-	-	-	-	-	**33,255**
Specialised Lending	1,040	8	166	1,497	239	3	39	6	-	32,470	9	7	1,260	1,010	**37,754**
Total exposures	**52,194**	**14,244**	**11,746**	**13,426**	**14,982**	**286,541**	**41,249**	**57,653**	**378,275**	**54,778**	**34,062**	**20,576**	**20,113**	**24,376**	**1,024,215**
% of Total	*5.1%*	*1.4%*	*1.1%*	*1.3%*	*1.5%*	*28.0%*	*4.0%*	*5.6%*	*36.9%*	*5.3%*	*3.3%*	*2.0%*	*2.0%*	*2.4%*	*100.0%*

	Mar 15														
Portfolio Type	Agriculture, Forestry, Fishing & Mining $M	Business Services $M	Construction $M	Electricity, Gas & Water Supply $M	Entertainment, Leisure & Tourism $M	Financial, Investment & Insurance $M	Government and Official Institutions $M	Manufacturing $M	Personal $M	Property Services $M	Wholesale Trade $M	Retail Trade $M	Transport & Storage $M	Other $M	Total $M
Corporate	46,292	10,802	7,954	11,623	11,913	49,995	3,242	53,783	1,872	21,446	33,534	16,347	16,201	16,764	**301,768**
Sovereign	1,485	-	54	776	5	73,872	35,228	969	1	255	46	-	195	97	**112,983**
Bank	-	-	-	-	-	122,475	-	98	-	-	-	-	21	-	**122,594**
Residential Mortgage	-	-	-	-	-	-	-	-	318,088	-	-	-	-	-	**318,088**
Qualifying Revolving Retail	-	-	-	-	-	-	-	-	21,934	-	-	-	-	-	**21,934**
Other Retail	3,546	2,751	3,910	113	2,006	645	13	1,530	23,001	1,138	1,133	4,096	1,447	4,074	**49,403**
Qualifying Central Counterparties	-	-	-	-	-	26,287	-	-	-	-	-	-	-	-	**26,287**
Specialised Lending	1,017	8	268	1,513	74	3	35	5	-	32,538	23	5	1,266	770	**37,525**
Total exposures	**52,340**	**13,561**	**12,186**	**14,025**	**13,998**	**273,277**	**38,518**	**56,385**	**364,896**	**55,377**	**34,736**	**20,448**	**19,130**	**21,705**	**990,582**
% of Total	*5.3%*	*1.4%*	*1.2%*	*1.4%*	*1.4%*	*27.6%*	*3.9%*	*5.7%*	*36.8%*	*5.6%*	*3.5%*	*2.1%*	*1.9%*	*2.2%*	*100.0%*

Table 7(e): Residual contractual maturity of Exposure at Default[11]

	Mar 16				
Portfolio Type	< 12 mths $M	1 - 5 years $M	> 5 years $M	No Maturity Specified $M	Total $M
Corporate	123,802	148,465	19,256	210	**291,733**
Sovereign	77,372	25,850	26,396	-	**129,618**
Bank	69,705	41,153	1,612	-	**112,470**
Residential Mortgage	404	7,045	305,256	31,792	**344,497**
Qualifying Revolving Retail	-	-	-	22,417	**22,417**
Other Retail	17,355	7,554	19,604	-	**44,513**
Qualifying Central Counterparties	5,025	21,262	16,716	-	**43,003**
Specialised Lending	13,283	24,186	1,941	48	**39,458**
Total exposures	**306,946**	**275,515**	**390,781**	**54,467**	**1,027,709**

	Sep 15				
Portfolio Type	< 12 mths $M	1 - 5 years $M	> 5 years $M	No Maturity Specified $M	Total $M
Corporate	133,312	153,214	20,185	170	**306,881**
Sovereign	78,706	25,943	22,700	-	**127,349**
Bank	69,327	44,765	1,806	-	**115,898**
Residential Mortgage	412	7,751	291,437	31,403	**331,003**
Qualifying Revolving Retail	-	-	-	22,088	**22,088**
Other Retail	17,326	13,829	18,797	35	**49,987**
Qualifying Central Counterparties	4,448	16,509	12,298	-	**33,255**
Specialised Lending	11,597	24,043	2,065	49	**37,754**
Total exposures	**315,128**	**286,054**	**369,288**	**53,745**	**1,024,215**

	Mar 15				
Portfolio Type	< 12 mths $M	1 - 5 years $M	> 5 years $M	No Maturity Specified $M	Total $M
Corporate	135,762	144,147	21,681	178	**301,768**
Sovereign	70,592	22,753	19,638	-	**112,983**
Bank	66,298	54,385	1,911	-	**122,594**
Residential Mortgage	272	7,165	279,051	31,600	**318,088**
Qualifying Revolving Retail	-	-	-	21,934	**21,934**
Other Retail	17,546	13,726	18,131	-	**49,403**
Qualifying Central Counterparties	3,132	11,611	11,544	-	**26,287**
Specialised Lending	11,181	24,020	2,256	68	**37,525**
Total exposures	**304,783**	**277,807**	**354,212**	**53,780**	**990,582**

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

Table 7(f) part (i): Impaired assets[12] [13], Past due loans[14], Provisions and Write-offs by Industry sector

	Mar 16					
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	5	892	131	284	133	59
Business Services	-	121	39	65	27	16
Construction	-	150	82	67	46	21
Electricity, gas and water supply	-	3	1	3	1	1
Entertainment Leisure & Tourism	-	123	52	54	31	15
Financial, Investment & Insurance	1	40	10	23	2	5
Government & Official Institutions	-	-	2	2	2	-
Manufacturing	7	319	43	198	113	46
Personal	-	853	1,710	233	342	415
Property Services	-	96	71	57	17	11
Retail Trade	-	121	112	66	42	23
Transport & Storage	1	137	23	49	36	8
Wholesale Trade	5	175	31	117	72	14
Other	-	33	68	20	28	22
Total	**19**	**3,063**	**2,375**	**1,238**	**892**	**656**

[12] Impaired derivatives are net of credit value adjustment (CVA) of $63 million, being a market value based assessment of the credit risk of the relevant counterparties (September 2015: $69 million; March 2015: $64 million).

[13] Impaired loans / facilities include restructured items of $226 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 2015: $184 million; March 2015: $146 million).

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

	Sep 15					
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	5	799	136	221	112	76
Business Services	-	88	31	55	12	17
Construction	-	95	183	42	20	31
Electricity, gas and water supply	-	3	-	3	(1)	1
Entertainment Leisure & Tourism	-	131	38	43	33	18
Financial, Investment & Insurance	-	52	20	26	19	14
Government & Official Institutions	-	-	-	-	-	-
Manufacturing	4	258	42	145	33	50
Personal	-	869	1,434	290	337	441
Property Services	-	110	100	50	(3)	53
Retail Trade	-	139	88	60	42	28
Transport & Storage	28	164	26	29	(13)	35
Wholesale Trade	-	126	27	76	39	24
Other	-	28	74	21	25	27
Total	**37**	**2,862**	**2,199**	**1,061**	**655**	**815**

	Mar 15					
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	-	606	221	184	41	50
Business Services	-	86	50	60	(12)	22
Construction	-	107	70	54	23	16
Electricity, gas and water supply	-	3	5	4	2	-
Entertainment Leisure & Tourism	-	103	45	26	6	9
Financial, Investment & Insurance	-	42	26	17	6	3
Government & Official Institutions	-	-	-	-	-	-
Manufacturing	-	221	52	153	63	19
Personal	-	914	1,216	316	251	402
Property Services	3	379	171	89	15	13
Retail Trade	-	67	74	41	13	12
Transport & Storage	24	186	38	79	9	17
Wholesale Trade	-	109	30	60	27	21
Other	-	37	71	31	11	25
Total	**27**	**2,860**	**2,069**	**1,114**	**455**	**609**

Table 7(f) part (ii): Impaired asset, Past due loans, Provisions and Write-offs

	Mar 16					
	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	19	1,903	226	822	438	144
Sovereign	-	2	2	6	2	-
Bank	-	-	-	-	-	-
Residential Mortgage	-	212	1,815	77	10	16
Qualifying Revolving Retail	-	95	-	-	96	130
Other Retail	-	490	270	265	258	250
Total Advanced IRB approach	**19**	**2,702**	**2,313**	**1,170**	**804**	**540**
Specialised Lending	**-**	**73**	**24**	**38**	**6**	**6**
Portfolios subject to Standardised approach						
Corporate	-	43	25	25	2	2
Residential Mortgage	-	32	5	11	(2)	4
Other Retail	-	213	8	(6)	82	104
Total Standardised approach	**-**	**288**	**38**	**30**	**82**	**110**
Qualifying Central Counterparties	**-**	**-**	**-**	**-**	**-**	**-**
Total	**19**	**3,063**	**2,375**	**1,238**	**892**	**656**

	Sep 15					
	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	9	1,487	202	575	204	197
Sovereign	-	2	-	4	(2)	-
Bank	-	-	-	-	-	-
Residential Mortgage	-	240	1,570	86	9	17
Qualifying Revolving Retail	-	88	-	-	102	145
Other Retail	-	599	306	317	279	272
Total Advanced IRB approach	**9**	**2,416**	**2,078**	**982**	**592**	**631**
Specialised Lending	**28**	**159**	**62**	**40**	**(15)**	**61**
Portfolios subject to Standardised approach						
Corporate	-	73	40	23	10	34
Residential Mortgage	-	37	12	14	-	4
Other Retail	-	177	7	2	68	85
Total Standardised approach	**-**	**287**	**59**	**39**	**78**	**123**
Qualifying Central Counterparties	**-**	**-**	**-**	**-**	**-**	**-**
Total	**37**	**2,862**	**2,199**	**1,061**	**655**	**815**

	Mar 15					
	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	-	1,265	288	570	144	142
Sovereign	-	1	1	4	1	-
Bank	-	-	-	-	-	-
Residential Mortgage	-	284	1,376	99	4	21
Qualifying Revolving Retail	-	88	-	-	89	129
Other Retail	-	494	314	285	190	206
Total Advanced IRB approach	**-**	**2,132**	**1,979**	**958**	**428**	**498**
Specialised Lending	**27**	**436**	**42**	**96**	**16**	**21**
Portfolios subject to Standardised approach						
Corporate	-	96	33	45	4	16
Residential Mortgage	-	42	10	14	-	4
Other Retail	-	154	5	1	7	70
Total Standardised approach	**-**	**292**	**48**	**60**	**11**	**90**
Qualifying Central Counterparties	**-**	**-**	**-**	**-**	**-**	**-**
Total	**27**	**2,860**	**2,069**	**1,114**	**455**	**609**

Table 7(g): Impaired assets[15 16], Past due loans[17] and Provisions[18] by Geography

	Mar 16				
Geographic region	Impaired derivatives $M	Impaired loans/ facilities $M	Past due loans ≥ 90 days $M	Individual provision balance $M	Collective provision balance $M
Australia	7	1,771	2,145	762	1,844
New Zealand	-	330	178	123	421
Asia Pacific, Europe and America	12	962	52	353	597
Total	**19**	**3,063**	**2,375**	**1,238**	**2,862**

	Sep 15				
Geographic region	Impaired derivatives $M	Impaired loans/ facilities $M	Past due loans ≥ 90 days $M	Individual provision balance $M	Collective provision balance $M
Australia	33	1,621	1,949	698	1,895
New Zealand	-	400	182	147	425
Asia Pacific, Europe and America	4	841	68	216	636
Total	**37**	**2,862**	**2,199**	**1,061**	**2,956**

	Mar 15				
Geographic region	Impaired derivatives $M	Impaired loans/ facilities $M	Past due loans ≥ 90 days $M	Individual provision balance $M	Collective provision balance $M
Australia	27	1,684	1,798	698	1,882
New Zealand	-	537	204	197	450
Asia Pacific, Europe and America	-	639	67	219	582
Total	**27**	**2,860**	**2,069**	**1,114**	**2,914**

[15] Impaired derivatives are net of credit value adjustment (CVA) of $63 million, being a market value based assessment of the credit risk of the relevant counterparties (September 2015: $69 million; March 2015: $64 million).

[16] Impaired loans / facilities include restructured items of $226 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 2015: $184 million; March 2015: $146 million).

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

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

Table 7(h): Provision for Credit Impairment

Collective Provision	Half year Mar 16 $M	Half year Sep 15 $M	Half year Mar 15 $M
Balance at start of period	2,956	2,914	2,757
Charge to income statement	26	40	55
Adjustments for exchange rate fluctuations	(47)	2	102
Esanda Sale	(73)	-	-
Total Collective Provision	**2,862**	**2,956**	**2,914**
Individual Provision			
Balance at start of period	1,061	1,114	1,176
New and increased provisions	1,137	951	806
Write-backs	(160)	(174)	(260)
Adjustment for exchange rate fluctuations	(26)	7	33
Discount unwind	(26)	(22)	(32)
Bad debts written off	(656)	(815)	(609)
Esanda Sale	(92)	-	-
Total Individual Provision	**1,238**	**1,061**	**1,114**
Total Provisions for Credit Impairment	**4,100**	**4,017**	**4,028**

Table 7(j): Specific Provision Balance and General Reserve for Credit Losses[19]

	Mar 16		
	Specific Provision Balance $M	General Reserve for Credit Losses $M	Total $M
Collective Provision	313	2,549	2,862
Individual Provision	1,238	-	1,238
Total Provision for Credit Impairment	**1,551**	**2,549**	**4,100**

	Sep 15		
	Specific Provision Balance $M	General Reserve for Credit Losses $M	Total $M
Collective Provision	334	2,622	2,956
Individual Provision	1,061	-	1,061
Total Provision for Credit Impairment	**1,395**	**2,622**	**4,017**

	Mar 15		
	Specific Provision Balance $M	General Reserve for Credit Losses $M	Total $M
Collective Provision	304	2,610	2,914
Individual Provision	1,114	-	1,114
Total Provision for Credit Impairment	**1,418**	**2,610**	**4,028**

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

Table 8 Credit risk – Disclosures for portfolios subject to the Standardised approach and supervisory risk weights in the IRB approach

Table 8(b): Exposure at Default by risk bucket[20]

Risk weight

Standardised approach exposures	Mar 16 $M	Sep 15 $M	Mar 15 $M
0%	-	-	-
20%	255	855	710
35%	6,820	7,386	7,145
50%	1,417	1,406	237
75%	2	4	3
100%	24,056	27,098	28,384
150%	740	852	755
>150%	-	1	29
Capital deductions	-	-	-
Total	**33,290**	**37,602**	**37,263**

Other Asset exposures			
0%	-	-	-
20%	1,172	1,191	1,030
35%	-	-	-
50%	-	-	-
75%	-	-	-
100%	3,820	3,417	3,591
150%	-	-	-
>150%	-	-	-
Capital deductions	-	-	-
Total	**4,992**	**4,608**	**4,621**

Specialised Lending exposures			
0%	318	473	933
70%	12,156	14,005	13,525
90%	21,400	19,539	19,350
115%	4,841	3,245	3,413
250%	692	448	254
Total	**39,407**	**37,710**	**37,475**

[20] Table 8(b) shows exposure at default after credit risk mitigation in each risk category.

Table 9 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 ANZ's AIRB portfolios:

IRB Asset Class	Borrower Type	Rating Approach
Corporate	Corporations, partnerships or proprietorships that do not fit into any other asset class	AIRB
Sovereign	Central governments Central banks Certain multilateral development banks	AIRB
Bank	Banks[21] In Australia only, other authorised deposit taking institutions (ADI) incorporated in Australia	AIRB
Residential mortgages	Exposures secured by residential property	AIRB
Qualifying revolving retail	Consumer credit cards <$100,000 limit	AIRB
Other retail	Small business lending Other lending to consumers	AIRB
Specialised Lending	Income Producing Real Estate[22] Project finance Object finance	AIRB – Supervisory Slotting[23]
Other assets	All other assets not falling into the above classes e.g. margin lending, fixed assets	AIRB – fixed risk weights

In addition, ANZ has applied the Standardised approach to some portfolio segments (mainly retail and local corporates in Asia Pacific) where currently available data does not enable development of advanced internal models for PD, LGD and EAD estimates. Under the Standardised approach, exposures are mapped to several regulatory risk weights, mainly based on the type of counterparty and its external rating.

ANZ applies its full normal risk measurement and management framework to these segments for internal management purposes, such as for economic capital. Standardised segments will be migrated to AIRB if they reach a volume that generates sufficient data for development of advanced internal models.

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

The ANZ rating system

As an AIRB bank, ANZ's internal models generate the inputs into regulatory capital adequacy to determine the risk weighted exposure calculations for both on and off-balance sheet exposures, including undrawn portions of credit facilities, committed and contingent exposures and EL calculations. ANZ's internal models are used to generate the three key risk components that serve as inputs to the IRB approach to credit risk:

- PD is an estimate of the level of the risk of borrower default. Borrower ratings are derived by way of rating models used both at loan origination and for ongoing monitoring.
- EAD is defined as the expected facility exposure at the date of default.
- 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.

[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.

Effective maturity is also calculated as an input to the risk weighted exposure calculation for bank, sovereign and corporate IRB asset classes.

ANZ’s rating system has two separate and distinct dimensions that:

- Measure the PD, which is expressed by the Customer Credit Rating (CCR), reflecting the ability to service and repay debt.
- Measure the LGD as expressed by the Security Indicator (SI) ranging from A to G. The SI is calculated by reference to the percentage of loan covered by security which can be realised in the event of default. This calculation uses standard ratios to adjust the current market value of collateral items to allow for historical realisation outcomes. The security-related SIs are supplemented with a range of other SIs which cover such factors as cash cover, mezzanine finance, intra-group guarantees and sovereign backing as ANZ’s LGD research indicates that these transaction characteristics have different recovery outcomes. ANZ’s LGD also includes recognition of the different legal and insolvency regimes in different countries, where this has been shown to influence recovery outcomes.

ANZ’s corporate PD master scale is made up of 27 rating grades. Each level/grade is separately defined and has a range of default probabilities attached to it. The PD master scale enables ANZ’s rating system to be mapped to the gradings of external rating agencies, using the PD as a common element after ensuring that default definitions and other key attributes are aligned. The following table demonstrates this alignment (for one year PDs):

ANZ CCR	Moody’s	Standard & Poor’s	PD Range
0+ to 1-	Aaa to < A1	AAA to < A+	0.0000 - 0.0346%
2+ to 3+	A1 to < Baa2	A+ to < BBB	0.0347 - 0.1636%
3= to 4=	Baa2 to < Ba1	BBB to < BB+	0.1637 - 0.5108%
4- to 6-	Ba1 to < B1	BB+ to < B+	0.5109 - 3.4872%
7+ to 8+	B1 to <Caa	B+ to < CCC	3.4873 – 17.8799%
8=	Caa	CCC	17.8800 - 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 PDs, and used to allocate exposures to homogenous pools, along with LGD and EAD. ANZ also uses specialised PD master scale/mappings for the sovereign asset class, based predominantly on the corporate master scale.

Table 9(d): Non Retail Exposure at Default subject to Advanced Internal Ratings Based (IRB) approach[24 25 26]

	Mar 16							
	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	21,363	75,906	85,264	74,964	2,374	2,508	2,342	**264,721**
Sovereign	105,521	19,128	1,871	3,045	37	16	-	**129,618**
Bank	36,940	68,347	4,793	2,388	1	1	-	**112,470**
Total	**163,824**	**163,381**	**91,928**	**80,397**	**2,412**	**2,525**	**2,342**	**506,809**
% of Total	32.3%	32.2%	18.1%	15.9%	0.5%	0.5%	0.5%	100.0%
Undrawn commitments (included in above)								
Corporate	5,963	25,009	25,538	12,299	265	274	56	**69,404**
Sovereign	655	325	9	71	-	-	-	**1,060**
Bank	-	322	196	8	-	-	-	**526**
Total	**6,618**	**25,656**	**25,743**	**12,378**	**265**	**274**	**56**	**70,990**
Average Exposure at Default								
Corporate	6.089	3.565	1.466	0.405	0.487	0.259	0.902	**0.873**
Sovereign	125.502	103.340	27.831	17.402	5.222	1.698	-	**99.151**
Bank	13.540	3.351	2.779	3.008	0.376	0.052	-	**4.353**
Exposure-weighted average Loss Given Default (%)								
Corporate	55.4%	57.4%	49.5%	39.6%	39.4%	46.9%	43.9%	**48.7%**
Sovereign	6.0%	9.8%	42.3%	50.6%	67.5%	59.0%	-	**8.4%**
Bank	62.4%	62.2%	61.4%	68.6%	75.0%	70.0%	-	**62.5%**
Exposure-weighted average risk weight (%)								
Corporate	18.6%	36.2%	57.6%	75.0%	126.7%	218.4%	144.3%	**57.9%**
Sovereign	1.2%	3.0%	46.9%	114.9%	254.5%	323.1%	-	**5.2%**
Bank	22.2%	25.8%	64.5%	119.8%	282.4%	369.8%	-	**30.7%**

[24] In accordance with APS 330, EAD in Table 9(d) includes Advanced IRB exposures; however does not include Specialised Lending, Standardised, Securitisation, Equities or Other Assets exposures. Specialised Lending is excluded from Table 9(d) as it follows the Supervisory Slotting treatment, and a breakdown of risk weightings is provided in Table 8(b).

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

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

	Sep 15							
	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	23,432	79,305	91,943	74,780	2,824	2,222	2,010	**276,516**
Sovereign	107,082	14,666	2,448	3,047	85	21	-	**127,349**
Bank	33,750	73,101	6,314	2,723	-	10	-	**115,898**
Total	**164,264**	**167,072**	**100,705**	**80,550**	**2,909**	**2,253**	**2,010**	**519,763**
% of Total	31.6%	32.1%	19.4%	15.5%	0.6%	0.4%	0.4%	100.0%
Undrawn commitments (included in above)								
Corporate	6,237	25,820	26,483	11,705	301	223	80	**70,849**
Sovereign	566	497	5	66	-	-	-	**1,134**
Bank	-	-	139	11	-	-	-	**150**
Total	**6,803**	**26,317**	**26,627**	**11,782**	**301**	**223**	**80**	**72,133**
Average Exposure at Default								
Corporate	7.658	4.136	1.540	0.406	0.535	0.270	0.846	**0.935**
Sovereign	160.363	94.588	38.692	23.238	14.210	1.949	-	**121.510**
Bank	18.615	4.396	4.107	4.760	0.026	0.282	-	**5.815**
Exposure-weighted average Loss Given Default (%)								
Corporate	57.0%	58.7%	51.0%	40.8%	44.7%	46.0%	38.8%	**50.3%**
Sovereign	5.8%	16.3%	43.3%	51.5%	54.2%	59.2%	-	**9.0%**
Bank	62.3%	62.9%	63.9%	68.8%	74.5%	74.4%	-	**63.1%**
Exposure-weighted average risk weight (%)								
Corporate	19.4%	36.7%	59.1%	78.3%	148.3%	228.7%	141.3%	**58.8%**
Sovereign	1.1%	5.1%	47.8%	115.1%	172.1%	316.7%	-	**5.6%**
Bank	21.3%	24.9%	67.8%	123.0%	276.0%	358.6%	-	**32.1%**

	Mar 15							
	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	22,237	73,537	93,376	76,150	2,410	1,680	2,177	**271,567**
Sovereign	91,926	16,104	1,508	3,254	158	33	-	**112,983**
Bank	37,605	74,157	6,883	3,914	30	5	-	**122,594**
Total	**151,768**	**163,798**	**101,767**	**83,318**	**2,598**	**1,718**	**2,177**	**507,144**
% of Total	29.9%	32.3%	20.1%	16.4%	0.5%	0.3%	0.4%	100.0%
Undrawn commitments (included in above)								
Corporate	5,879	22,127	25,879	12,448	295	168	52	**66,848**
Sovereign	267	339	10	7	-	-	-	**623**
Bank	124	155	178	10	-	-	-	**467**
Total	**6,270**	**22,621**	**26,067**	**12,465**	**295**	**168**	**52**	**67,938**
Average Exposure at Default								
Corporate	7.043	3.996	1.554	0.415	0.541	0.231	0.695	**0.924**
Sovereign	122.513	236.323	25.649	20.334	6.859	2.570	-	**104.356**
Bank	24.864	5.514	5.293	5.303	7.403	0.268	-	**7.252**
Exposure-weighted average Loss Given Default (%)								
Corporate	56.9%	58.9%	50.0%	41.2%	38.2%	44.1%	39.8%	**49.8%**
Sovereign	2.4%	2.6%	46.0%	49.9%	75.9%	25.7%	-	**4.6%**
Bank	63.0%	63.3%	69.4%	69.9%	75.0%	71.3%	-	**64.2%**
Exposure-weighted average risk weight (%)								
Corporate	19.0%	35.4%	56.7%	73.8%	127.9%	207.0%	138.7%	**56.3%**
Sovereign	0.4%	0.9%	52.8%	112.5%	249.3%	136.8%	-	**5.1%**
Bank	21.7%	25.6%	77.1%	127.0%	226.0%	328.2%	-	**35.6%**

Table 9(d): Retail Exposure at Default subject to Advanced Internal Ratings Based (IRB) approach by risk grade

	Mar 16							
	0.00% <0.11% $M	0.11% <0.30% $M	0.30% <0.51% $M	0.51% <3.49% $M	3.49% <10.09% $M	10.09% <100.0% $M	Default $M	Total $M
Exposure at Default								
Residential Mortgage	70,457	146,431	28,959	73,215	10,541	5,620	2,091	**337,314**
Qualifying Revolving Retail	11,546	516	2,072	5,020	2,188	905	170	**22,417**
Other Retail	1,131	5,254	2,192	22,733	6,650	2,144	839	**40,943**
Total	**83,134**	**152,201**	**33,223**	**100,968**	**19,379**	**8,669**	**3,100**	**400,674**
% of Total	20.7%	38.0%	8.3%	25.2%	4.8%	2.2%	0.8%	100.0%
Undrawn commitments (included in above)								
Residential Mortgage	6,466	17,366	960	7,416	188	180	1	**32,577**
Qualifying Revolving Retail	9,035	515	1,372	2,330	889	115	30	**14,286**
Other Retail	600	2,130	1,270	3,317	548	79	6	**7,950**
Total	**16,101**	**20,011**	**3,602**	**13,063**	**1,625**	**374**	**37**	**54,813**
Average Exposure at Default								
Residential Mortgage	0.239	0.216	0.197	0.241	0.278	0.274	0.233	**0.226**
Qualifying Revolving Retail	0.011	0.006	0.010	0.010	0.009	0.008	0.009	**0.010**
Other Retail	0.008	0.016	0.011	0.023	0.010	0.011	0.019	**0.016**
Exposure-weighted average Loss Given Default (%)								
Residential Mortgage	19.8%	19.2%	19.1%	22.1%	20.4%	20.0%	20.4%	**20.0%**
Qualifying Revolving Retail	73.2%	73.2%	73.2%	73.2%	73.2%	73.2%	73.2%	**73.2%**
Other Retail	53.6%	46.8%	73.9%	46.5%	64.0%	60.0%	53.1%	**51.9%**
Exposure-weighted average risk weight (%)								
Residential Mortgage	5.2%	6.6%	13.6%	29.2%	75.2%	107.9%	223.4%	**17.0%**
Qualifying Revolving Retail	4.9%	11.5%	14.2%	38.8%	111.5%	206.5%	337.8%	**34.5%**
Other Retail	31.0%	36.7%	55.1%	61.2%	112.3%	177.9%	236.8%	**74.9%**

	Sep 15							
	0.00% <0.11% $M	0.11% <0.30% $M	0.30% <0.51% $M	0.51% <3.49% $M	3.49% <10.09% $M	10.09% <100.0% $M	Default $M	Total $M
Exposure at Default								
Residential Mortgage	69,637	139,008	27,253	70,065	10,126	5,085	2,000	**323,174**
Qualifying Revolving Retail	11,409	435	2,007	5,110	2,103	863	161	**22,088**
Other Retail	1,393	5,433	2,157	25,773	8,843	1,809	943	**46,351**
Total	**82,439**	**144,876**	**31,417**	**100,948**	**21,072**	**7,757**	**3,104**	**391,613**
% of Total	21.1%	37.0%	8.0%	25.8%	5.4%	2.0%	0.8%	100.0%
Undrawn commitments (included in above)								
Residential Mortgage	6,249	16,935	968	7,577	182	176	2	**32,089**
Qualifying Revolving Retail	8,915	434	1,328	2,305	781	113	28	**13,904**
Other Retail	681	2,014	1,252	3,340	464	68	6	**7,825**
Total	**15,845**	**19,383**	**3,548**	**13,222**	**1,427**	**357**	**36**	**53,818**
Average Exposure at Default								
Residential Mortgage	0.234	0.210	0.192	0.237	0.276	0.268	0.218	**0.221**
Qualifying Revolving Retail	0.011	0.006	0.010	0.009	0.009	0.008	0.009	**0.010**
Other Retail	0.010	0.017	0.011	0.022	0.011	0.010	0.019	**0.016**
Exposure-weighted average Loss Given Default (%)								
Residential Mortgage	19.8%	19.2%	19.1%	22.3%	20.5%	20.0%	20.8%	**20.1%**
Qualifying Revolving Retail	73.2%	73.2%	73.2%	73.2%	73.2%	73.2%	73.2%	**73.2%**
Other Retail	44.9%	44.3%	73.1%	45.5%	59.3%	60.1%	49.9%	**50.0%**
Exposure-weighted average risk weight (%)								
Residential Mortgage	5.3%	6.7%	13.7%	29.5%	75.1%	108.4%	224.7%	**17.0%**
Qualifying Revolving Retail	4.9%	11.6%	13.8%	39.2%	110.5%	207.5%	327.8%	**34.4%**
Other Retail	26.4%	34.8%	54.2%	60.0%	100.8%	182.2%	201.2%	**71.2%**

	Mar 15							
	0.00% <0.11% $M	0.11% <0.30% $M	0.30% <0.51% $M	0.51% <3.49% $M	3.49% <10.09% $M	10.09% <100.0% $M	Default $M	Total $M
Exposure at Default								
Residential Mortgage	70,542	130,842	26,118	67,347	9,142	4,927	1,881	**310,799**
Qualifying Revolving Retail	11,255	377	1,944	4,910	2,317	968	163	**21,934**
Other Retail	1,346	5,726	4,126	24,632	7,709	1,751	830	**46,120**
Total	**83,143**	**136,945**	**32,188**	**96,889**	**19,168**	**7,646**	**2,874**	**378,853**
% of Total	21.9%	36.1%	8.5%	25.6%	5.1%	2.0%	0.8%	100.0%
Undrawn commitments (included in above)								
Residential Mortgage	8,584	16,724	962	4,958	158	172	2	**31,560**
Qualifying Revolving Retail	8,781	376	1,267	2,212	756	121	26	**13,539**
Other Retail	616	2,161	1,757	3,155	274	58	10	**8,031**
Total	**17,981**	**19,261**	**3,986**	**10,325**	**1,188**	**351**	**38**	**53,130**
Average Exposure at Default								
Residential Mortgage	0.235	0.205	0.189	0.227	0.258	0.264	0.210	**0.216**
Qualifying Revolving Retail	0.011	0.006	0.010	0.009	0.009	0.008	0.009	**0.010**
Other Retail	0.018	0.017	0.017	0.019	0.010	0.010	0.015	**0.016**
Exposure-weighted average Loss Given Default (%)								
Residential Mortgage	19.8%	19.2%	18.9%	22.6%	20.7%	20.0%	21.3%	**20.1%**
Qualifying Revolving Retail	73.2%	73.2%	73.2%	73.2%	73.2%	73.2%	73.2%	**73.2%**
Other Retail	41.5%	44.8%	55.7%	47.4%	57.0%	60.6%	50.9%	**50.0%**
Exposure-weighted average risk weight (%)								
Residential Mortgage	5.8%	6.7%	13.5%	30.5%	76.6%	108.4%	225.8%	**17.2%**
Qualifying Revolving Retail	4.8%	11.2%	13.9%	38.4%	107.7%	206.0%	338.2%	**35.7%**
Other Retail	27.4%	34.6%	42.4%	62.8%	93.9%	175.9%	212.3%	**68.7%**

Table 9(e): Actual Losses by portfolio type

Basel Asset Class	Half year Mar 16 Individual provision charge $M	Write-offs $M
Corporate	438	144
Sovereign	2	-
Bank	-	-
Residential Mortgage	10	16
Qualifying Revolving Retail	96	130
Other Retail	258	250
Total Advanced IRB	**804**	**540**
Specialised Lending	6	6
Standardised approach	82	110
Total	**892**	**656**

Basel Asset Class	Half year Sep 15 Individual provision charge $M	Write-offs $M
Corporate	204	197
Sovereign	(2)	-
Bank	-	-
Residential Mortgage	9	17
Qualifying Revolving Retail	102	145
Other Retail	279	272
Total Advanced IRB	**592**	**631**
Specialised Lending	(15)	61
Standardised approach	78	123
Total	**655**	**815**

Basel Asset Class	Half year Mar 15 Individual provision charge $M	Write-offs $M
Corporate	144	142
Sovereign	1	-
Bank	-	-
Residential Mortgage	4	21
Qualifying Revolving Retail	89	129
Other Retail	190	206
Total Advanced IRB	**428**	**498**
Specialised Lending	16	21
Standardised approach	11	90
Total	**455**	**609**

Table 9(f): Average estimated vs. actual PD, EAD and LGD – Advanced IRB

	Mar 16				
Portfolio Type	Average Estimated PD %	Average Actual PD %	Average estimated to actual EAD ratio	Average Estimated LGD %	Average Actual LGD %
Corporate	1.56	0.97	1.11	41.01	30.97
Sovereign	0.37	nil	n/a	n/a	n/a
Bank	0.58	0.05	0.93	46.00	58.30
Specialised Lending	n/a	1.98	1.11	n/a	23.04
Residential Mortgage	0.74	0.78	1.01	21.00	2.90
Qualifying Revolving Retail	2.70	2.01	1.05	73.20	72.60
Other Retail	3.78	3.73	1.05	50.10	41.70

APS 330 Table 9f compares internal credit risk estimates used in calculating regulatory capital with realised outcomes by portfolio types. It covers the PD, EAD and LGD estimates for the IRB portfolios.

Estimated PD and LGD for Specialised Lending exposures have not been provided, since APRA requires the use of supervisory slotting for Regulatory EL calculations.

Actual PD, EAD ratio, Estimated LGD and Actual LGD for Sovereign exposures have not been provided, since there was no Sovereign defaults observed in ANZ Sovereign exposures for the observation period.

The estimated PD is based on the average of the internally estimated long-run PD's for obligors that are not in default at the beginning of each financial year over the period of observation being 2009 to 2016. The actual PD is based on the number of defaulted obligors up to February 2016 compared to the total number of obligors measured.

The EAD ratio compares internally estimated EAD prior to default to realised EAD for defaulted obligors over the 6.5 years of observation being 2009 to February 2016. A ratio greater than 1.0 signifies that on average, the actual defaulted exposures are lower than the estimated exposures at the time of default.

The estimated LGD is the downturn LGD for accounts that defaulted at the beginning of each year during the observation period being 2009 to March 2014. The actual LGD is based on the average realised losses over the period for the accounts observed at the beginning and defaulted during the observation period. For non-retail portfolios, the estimated and actual LGDs are based on accounts that defaulted up to March 2014. Defaults occurring after March 2014 have been excluded from the analysis to allow sufficient time for workout period. Actual LGD for defaults where workouts were not finalised have been estimated to approximate the final actual loss.

For retail portfolios, the estimated and actual LGDs are based on accounts that defaulted in 2011 to 2015 financial years. For the retail portfolios, defaults with non-finalised workout have been excluded from the analysis.

In assessing the accuracy of the credit risk estimates, it should be noted that the period of analysis does not cover a full economic cycle.

Table 10 Credit risk mitigation disclosures

Table 10(b): Credit risk mitigation on Standardised approach portfolios – collateral [27]

	Mar 16			
	Exposure $M	Eligible Financial Collateral $M	Other Eligible Collateral $M	% Coverage
Standardised approach				
Corporate	27,012	826	-	3.1%
Residential Mortgage	7,183	29	-	0.4%
Other Retail	3,570	-	-	0.0%
Total	**37,765**	**855**	**-**	**2.3%**

	Sep 15			
	Exposure $M	Eligible Financial Collateral $M	Other Eligible Collateral $M	% Coverage
Standardised approach				
Corporate	30,365	496	-	1.6%
Residential Mortgage	7,829	36	-	0.5%
Other Retail	3,636	-	-	0.0%
Total	**41,830**	**532**	**-**	**1.3%**

	Mar 15			
	Exposure $M	Eligible Financial Collateral $M	Other Eligible Collateral $M	% Coverage
Standardised approach				
Corporate	30,201	461	-	1.5%
Residential Mortgage	7,289	41	-	0.6%
Other Retail	3,283	-	-	0.0%
Total	**40,773**	**502**	**-**	**1.2%**

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

Table 10(c): Credit risk mitigation – guarantees and credit derivatives

	Mar 16			
	Exposure $M	Exposures covered by Guarantees $M	Exposures covered by Credit Derivatives $M	% Coverage
Advanced IRB				
Corporate (incl. Specialised Lending)	304,179	13,998	480	4.8%
Sovereign	129,618	337	-	0.3%
Bank	112,470	11,220	-	10.0%
Residential Mortgage	337,314	-	-	0.0%
Qualifying Revolving Retail	22,417	-	-	0.0%
Other Retail	40,943	-	-	0.0%
Total	**946,941**	**25,555**	**480**	**2.7%**
Standardised approach				
Corporate	27,012	-	-	0.0%
Residential Mortgage	7,183	-	-	0.0%
Other Retail	3,570	-	-	0.0%
Total	**37,765**	**-**	**-**	**0.0%**
Qualifying Central Counterparties	**43,003**	**-**	**-**	**0.0%**

	Sep 15			
	Exposure $M	Exposures covered by Guarantees $M	Exposures covered by Credit Derivatives $M	% Coverage
Advanced IRB				
Corporate (incl. Specialised Lending)	314,270	13,851	345	4.5%
Sovereign	127,349	337	-	0.3%
Bank	115,898	13,260	-	11.4%
Residential Mortgage	323,174	-	-	0.0%
Qualifying Revolving Retail	22,088	-	-	0.0%
Other Retail	46,351	-	-	0.0%
Total	**949,130**	**27,448**	**345**	**2.9%**
Standardised approach				
Corporate	30,365	-	-	0.0%
Residential Mortgage	7,829	-	-	0.0%
Other Retail	3,636	-	-	0.0%
Total	**41,830**	**-**	**-**	**0.0%**
Qualifying Central Counterparties	**33,255**	**-**	**-**	**0.0%**

	Mar 15			
	Exposure $M	Exposures covered by Guarantees $M	Exposures covered by Credit Derivatives $M	% Coverage
Advanced IRB				
Corporate (incl. Specialised Lending)	309,092	15,211	235	5.0%
Sovereign	112,983	470	-	0.4%
Bank	122,594	9,680	-	7.9%
Residential Mortgage	310,799	-	-	0.0%
Qualifying Revolving Retail	21,934	-	-	0.0%
Other Retail	46,120	-	-	0.0%
Total	**923,523**	**25,361**	**235**	**2.8%**
Standardised approach				
Corporate	30,201	-	-	0.0%
Residential Mortgage	7,289	-	-	0.0%
Other Retail	3,283	-	-	0.0%
Total	**40,773**	-	-	**0.0%**
Qualifying Central Counterparties	**26,287**	**-**	**-**	**0.0%**

Table 11(b): Counterparty credit risk – net derivative credit exposure

Net derivative credit exposure

	Mar 16 $M	Sep 15 $M
Gross positive fair value of contracts	88,747	85,625
Netting benefits	(70,991)	(62,782)
Netted current credit exposure	17,756	22,843
Collateral held	(5,473)	(7,165)
Net derivatives credit exposure	**12,283**	**15,678**

Counterparty credit risk exposure – by portfolio type

Portfolio Type	Mar 16 $M	Sep 15 $M
Corporate	32,172	35,221
Sovereign	4,436	5,433
Bank	64,180	67,406
Qualifying Central Counterparties	41,761	32,733
Specialised Lending	822	848
Total exposures	**143,371**	**141,641**

Notional Value of Credit Derivative Hedges

Product Type	Mar 16 $M	Sep 15 $M
Credit Default Swaps	724	728
Interest Rate Swaps	-	-
Currency Swaps	-	-
Other	-	-
Total exposures	**724**	**728**

Table 11(c): Counterparty credit risk exposure – credit derivative transactions

	Mar 16		
	Protection Bought $M	Protection Sold $M	Total $M
Credit derivative products used for own credit portfolio			
Credit default swaps	19,921	19,365	39,286
Total notional value	19,921	19,365	39,286
Credit derivative products used for intermediation			
Credit default swaps	724	724	1,448
Total return swaps	-	-	-
Total notional value	724	724	1,448
Total credit derivative notional value	20,645	20,089	40,734

	Sep 15		
	Protection Bought $M	Protection Sold $M	Total $M
Credit derivative products used for own credit portfolio			
Credit default swaps	22,284	21,474	43,758
Total notional value	22,284	21,474	43,758
Credit derivative products used for intermediation			
Credit default swaps	728	728	1,456
Total return swaps	-	-	-
Total notional value	728	728	1,456
Total credit derivative notional value	23,012	22,202	45,214

Chapter 5 – Securitisation

Banking Book

Table 12(g): Banking Book: Traditional and synthetic securitisation exposures

Traditional securitisations	Mar 16		
Underlying asset	ANZ Originated $M	ANZ Self Securitised $M	ANZ Sponsored $M
Residential mortgage	-	79,806	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**-**	**79,806**	**-**

Synthetic securitisations

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

Aggregate of traditional and synthetic securitisations

Underlying asset	ANZ Originated $M	ANZ Self Securitised $M	ANZ Sponsored $M
Residential mortgage	-	79,806	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**-**	**79,806**	**-**

Sep 15

Traditional securitisations

Underlying asset	ANZ Originated $M	ANZ Self Securitised $M	ANZ Sponsored $M
Residential mortgage	-	79,355	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**-**	**79,355**	**-**

Synthetic securitisations

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

Aggregate of traditional and synthetic securitisations

Underlying asset	ANZ Originated $M	ANZ Self Securitised $M	ANZ Sponsored $M
Residential mortgage	-	79,355	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**-**	**79,355**	**-**

Mar 15

Traditional securitisations

Underlying asset	ANZ Originated $M	ANZ Self Securitised $M	ANZ Sponsored $M
Residential mortgage	-	74,060	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**-**	**74,060**	**-**

Synthetic securitisations

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

Aggregate of traditional and synthetic securitisations

Underlying asset	ANZ Originated $M	ANZ Self Securitised $M	ANZ Sponsored $M
Residential mortgage	-	74,060	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**-**	**74,060**	**-**

Table 12(h): Banking Book: Impaired and Past due loans relating to ANZ originated securitisations

Mar 16					
Underlying asset	ANZ Originated $M	ANZ Self Securitised $M	Impaired $M	Past due $M	Losses recognised for the six month ended $M
Residential mortgage	-	79,806	-	51	-
Credit cards and other personal loans	-	-	-	-	-
Auto and equipment finance	-	-	-	-	-
Commercial loans	-	-	-	-	-
Other	-	-	-	-	-
Total	**-**	**79,806**	**-**	**51**	**-**

Sep 15					
Underlying asset	ANZ Originated $M	ANZ Self Securitised $M	Impaired $M	Past due $M	Losses recognised for the six month ended $M
Residential mortgage	-	79,355	-	36	1
Credit cards and other personal loans	-	-	-	-	-
Auto and equipment finance	-	-	-	-	-
Commercial loans	-	-	-	-	-
Other	-	-	-	-	-
Total	**-**	**79,355**	**-**	**36**	**1**

Mar 15					
Underlying asset	ANZ Originated $M	ANZ Self Securitised $M	Impaired $M	Past due $M	Losses recognised for the six month ended $M
Residential mortgage	-	74,060	1	31	-
Credit cards and other personal loans	-	-	-	-	-
Auto and equipment finance	-	-	-	-	-
Commercial loans	-	-	-	-	-
Other	-	-	-	-	-
Total	**-**	**74,060**	**1**	**31**	**-**

Table 12(i): Banking Book: Total amount of outstanding exposures intended to be securitised

No assets from ANZ's Banking Book were intended to be securitised as at the reporting date.

Table 12(j): Banking Book: Securitisation - Summary of current period's activity by underlying asset type and facility[28]

Mar 16

	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	-	451	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	**-**	**451**	**-**	**-**

Securitisation activity by facility provided	Notional amount $M
Liquidity facilities	-
Funding facilities	-
Underwriting facilities	-
Lending facilities	-
Credit enhancements	-
Holdings of securities (excluding trading book)	(186)
Other	49
Total	**(137)**

Sep 15

	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	-	5,295	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	-	**5,295**	-	-

Securitisation activity by facility provided	Notional amount $M
Liquidity facilities	-
Funding facilities	329
Underwriting facilities	-
Lending facilities	-
Credit enhancements	-
Holdings of securities (excluding trading book)	240
Other	4
Total	**573**

[28] Activity represents net movement in outstandings.

Mar 15

Securitisation activity by underlying asset type	Original value securitised ANZ Originated $M	 ANZ Self Securitised $M	 ANZ Sponsored $M	Recognised gain or loss on sale $M
Residential mortgage	-	692	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	-	**692**	-	-

Securitisation activity by facility provided	Notional amount $M
Liquidity facilities	-
Funding facilities	12
Underwriting facilities	-
Lending facilities	-
Credit enhancements	-
Holdings of securities (excluding trading book)	875
Other	30
Total	**917**

Table 12(k): Banking Book: Securitisation - Regulatory credit exposures by exposure type

Securitisation exposure type - On balance sheet	Mar 16 $M	Sep 15 $M	Mar 15 $M
Liquidity facilities	5	5	6
Funding facilities	6,100	5,593	4,789
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities (excluding trading book)	4,890	5,076	4,836
Protection provided	-	-	-
Other	170	168	315
Total	**11,165**	**10,842**	**9,946**

Securitisation exposure type - Off balance sheet	Mar 16 $M	Sep 15 $M	Mar 15 $M
Liquidity facilities	62	66	76
Funding facilities	-	-	-
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities (excluding trading book)	-	-	-
Protection provided	-	-	-
Other	-	-	-
Total	**62**	**66**	**76**

Total Securitisation exposure type	Mar 16 $M	Sep 15 $M	Mar 15 $M
Liquidity facilities	67	71	82
Funding facilities	6,100	5,593	4,789
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities (excluding trading book)	4,890	5,076	4,836
Protection provided	-	-	-
Other	170	168	315
Total	**11,227**	**10,908**	**10,022**

Table 12(I) part (i): Banking Book: Securitisation - Regulatory credit exposures by risk weight band

	Mar 16		Sep 15		Mar 15	
Securitisation risk weights	Regulatory credit exposure $M	Risk weighted assets $M	Regulatory credit exposure $M	Risk weighted assets $M	Regulatory credit exposure $M	Risk weighted assets $M
≤ 25%	11,120	1,106	10,799	1,065	9,891	952
>25 ≤ 35%	-	-	-	-	-	-
>35 ≤ 50%	-	-	-	-	-	-
>50 ≤ 75%	45	26	43	24	48	27
>75 ≤ 100%	62	62	66	66	76	77
>100 ≤ 650%	-	-	-	1	7	11
1250% (Deduction)	-	-	-	-	-	-
Total	**11,227**	**1,194**	**10,908**	**1,156**	**10,022**	**1,067**

	Mar 16		Sep 15		Mar 15	
Resecuritisation risk weights	Regulatory credit exposure $M	Risk weighted assets $M	Regulatory credit exposure $M	Risk weighted assets $M	Regulatory credit exposure $M	Risk weighted assets $M
≤ 25%	-	-	-	-	-	-
>25 ≤ 35%	-	-	-	-	-	-
>35 ≤ 50%	-	-	-	-	-	-
>50 ≤ 75%	-	-	-	-	-	-
>75 ≤ 100%	-	-	-	-	-	-
>100 ≤ 650%	-	-	-	-	-	-
1250% (Deduction)	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**

	Mar 16		Sep 15		Mar 15	
Total Securitisation risk weights	Regulatory credit exposure $M	Risk weighted assets $M	Regulatory credit exposure $M	Risk weighted assets $M	Regulatory credit exposure $M	Risk weighted assets $M
≤ 25%	11,120	1,106	10,799	1,065	9,891	952
>25 ≤ 35%	-	-	-	-	-	-
>35 ≤ 50%	-	-	-	-	-	-
>50 ≤ 75%	45	26	43	24	48	27
>75 ≤ 100%	62	62	66	66	76	77
>100 ≤ 650%	-	-	-	1	7	11
1250% (Deduction)	-	-	-	-	-	-
Total	**11,227**	**1,194**	**10,908**	**1,156**	**10,022**	**1,067**

Table 12(l) part (ii): Banking Book: Securitisation - Aggregate securitisation exposures deducted from Capital

No longer required under Basel III; defaulted exposures are given a risk weight of 1250% and no longer deducted from capital.

Table 12(m): Banking Book: Securitisations subject to early amortisation treatment

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

Table 12(n): Banking Book: Resecuritisation - Aggregate amount of resecuritisation exposures retained or purchased

	Mar 16		
Resecuritisation exposures retained or purchased	Exposures subject to CRM $M	Exposures not subject to CRM $M	Total $M
Residential mortgage	-	-	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	-	-	-

Resecuritisation exposures by credit worthiness of guarantors	Exposures to Guarantors $M
Credit Rating Level 1	-
Credit Rating Level 2	-
Credit Rating Level 3	-
Credit Rating Level 4	-
Credit Rating Level 5 or below	-
No Guarantor	-
Total	-

	Sep 15		
Resecuritisation exposures retained or purchased	Exposures subject to CRM $M	Exposures not subject to CRM $M	Total $M
Residential mortgage	-	-	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	-	-	-

Resecuritisation exposures by credit worthiness of guarantors	Exposures to Guarantors $M
Credit Rating Level 1	-
Credit Rating Level 2	-
Credit Rating Level 3	-
Credit Rating Level 4	-
Credit Rating Level 5 or below	-
No Guarantor	-
Total	-

	Mar 15		
Resecuritisation exposures retained or purchased	Exposures subject to CRM $M	Exposures not subject to CRM $M	Total $M
Residential mortgage	-	-	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	-	-	-

Resecuritisation exposures by credit worthiness of guarantors	Exposures to Guarantors $M
Credit Rating Level 1	-
Credit Rating Level 2	-
Credit Rating Level 3	-
Credit Rating Level 4	-
Credit Rating Level 5 or below	-
No Guarantor	-
Total	-

Trading Book

Table 12(o): Trading Book: Traditional and synthetic securitisation exposures

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

Table 12(p): Trading Book: Total amount of outstanding exposures intended to be securitised

No assets from ANZ's Trading Book were intended to be securitised as at the reporting date.

Table 12(q): Trading Book: Securitisation - Summary of current year's activity by underlying asset type and facility

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

Table 12(r): Trading Book: Traditional and synthetic securitisation exposures

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

Table 12(s): Trading Book: Securitisation – Regulatory credit exposures by exposure type

Securitisation exposure type - On balance sheet	Mar 16 $M	Sep 15 $M	Mar 15 $M
Liquidity facilities	-	-	-
Funding facilities	-	-	-
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities	-	-	-
Protection provided	-	-	-
Other	-	-	-
Total	**-**	**-**	**-**

Securitisation exposure type - Off balance sheet	Mar 16 $M	Sep 15 $M	Mar 15 $M
Liquidity facilities	-	-	-
Funding facilities	-	-	-
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities	-	-	-
Protection provided	-	-	-
Other	-	-	-
Total	**-**	**-**	**-**

Total Securitisation exposure type	Mar 16 $M	Sep 15 $M	Mar 15 $M
Liquidity facilities	-	-	-
Funding facilities	-	-	-
Underwriting facilities	-	-	-
Lending facilities	-	-	-
Credit enhancements	-	-	-
Holdings of securities	-	-	-
Protection provided	-	-	-
Other	-	-	-
Total	**-**	**-**	**-**

Table 12(t)(i) & Table 12(u)(i): Trading Book: Aggregate securitisation exposures subject to Internal Models Approach (IMA) and the associated Capital requirements

ANZ does not have any Securitisation exposures subject to Internal Models Approach.

Table 12(t)(ii) & Table 12(u)(ii): Trading Book: Aggregate securitisation exposures subject to APS120 and the associated Capital requirements

ANZ does not have any aggregate Securitisation exposures subject to APS120 and the associated Capital requirements.

Table 12(u)(iii): Trading Book: Securitisation - Aggregate securitisation exposures deducted from Capital

ANZ has approximately AUD34,000 of securitisation exposures deducted from capital as a result of on-going due diligence being discontinued in respect of these very small holdings, i.e. AUD540,000 original notional / AUD34,000 paid down notional.

Table 12(v): Trading Book: Securitisations subject to early amortisation treatment

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

Table 12(w): Trading Book: Resecuritisation - Aggregate amount of resecuritisation exposures retained or purchased

	Mar 16		
Resecuritisation exposures retained or purchased	Exposures subject to CRM $M	Exposures not subject to CRM $M	Total $M
Residential mortgage	-	-	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**-**	**-**	**-**

Resecuritisation exposures by credit worthiness of guarantors	Exposures to Guarantors $M
Credit Rating Level 1	-
Credit Rating Level 2	-
Credit Rating Level 3	-
Credit Rating Level 4	-
Credit Rating Level 5 or below	-
No Guarantor	-
Total	**-**

	Sep 15		
Resecuritisation exposures retained or purchased	Exposures subject to CRM $M	Exposures not subject to CRM $M	Total $M
Residential mortgage	-	-	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**-**	**-**	**-**

Resecuritisation exposures by credit worthiness of guarantors	Exposures to Guarantors $M
Credit Rating Level 1	-
Credit Rating Level 2	-
Credit Rating Level 3	-
Credit Rating Level 4	-
Credit Rating Level 5 or below	-
No Guarantor	-
Total	**-**

	Mar 15		
Resecuritisation exposures retained or purchased	Exposures subject to CRM $M	Exposures not subject to CRM $M	Total $M
Residential mortgage	-	-	-
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	**-**	**-**	**-**

Resecuritisation exposures by credit worthiness of guarantors	Exposures to Guarantors $M
Credit Rating Level 1	-
Credit Rating Level 2	-
Credit Rating Level 3	-
Credit Rating Level 4	-
Credit Rating Level 5 or below	-
No Guarantor	-
Total	**-**

Chapter 6 – Market risk

Table 13 Market risk – Standard approach

Table 13(b): Market risk – Standard approach [29]

	Mar 16 $M	Sep 15 $M	Mar 15 $M
Interest rate risk	93	118	132
Equity position risk	1	1	-
Foreign exchange risk	-	-	-
Commodity risk	1	2	1
Total	**95**	**121**	**133**
Risk Weighted Assets equivalent	**1,188**	**1,513**	**1,663**

[29] RWA equivalent is the capital requirement multiplied by 12.5 in accordance with APS 110.

Table 14 Market risk – Internal models approach

Table 14(e): Value at Risk (VaR) and stressed VaR over the reporting period[30]

	Six months ended 31 Mar 16			
99% 1 Day Value at Risk (VaR)	Mean $M	Maximum $M	Minimum $M	Period end $M
Foreign Exchange	5.6	11.4	2.6	5.9
Interest Rate	11.3	20.1	6.9	9.0
Credit	3.0	4.6	2.4	2.7
Commodity	1.7	2.5	1.0	1.2
Equity	0.2	2.0	0.1	0.1

	Six months ended 30 Sep 15			
99% 1 Day Value at Risk (VaR)	Mean $M	Maximum $M	Minimum $M	Period end $M
Foreign Exchange	6.7	14.2	2.8	5.0
Interest Rate	8.3	12.9	5.5	10.1
Credit	3.8	5.4	2.9	3.5
Commodity	2.4	3.6	1.5	1.6
Equity	0.9	4.5	0.1	2.5

	Six months ended 31 Mar 15			
99% 1 Day Value at Risk (VaR)	Mean $M	Maximum $M	Minimum $M	Period end $M
Foreign Exchange	9.0	18.2	3.3	4.6
Interest Rate	10.3	20.2	4.8	6.5
Credit	3.9	4.9	2.9	3.3
Commodity	2.3	3.5	1.3	2.2
Equity	1.3	6.3	0.4	0.6

	Six months ended 31 Mar 16			
99% 10 Day Stressed VaR	Mean $M	Maximum $M	Minimum $M	Period end $M
Foreign Exchange	29.5	59.5	11.0	33.3
Interest Rate	55.1	79.1	26.1	36.3
Credit	21.4	34.5	14.0	20.3
Commodity	11.4	20.6	5.8	6.7
Equity	1.5	3.1	0.6	1.6

	Six months ended 30 Sep 15			
99% 10 Day Stressed VaR	Mean $M	Maximum $M	Minimum $M	Period end $M
Foreign Exchange	36.1	71.6	13.3	25.5
Interest Rate	67.3	161.7	38.5	45.2
Credit	26.5	40.4	19.2	23.6
Commodity	10.7	19.6	5.3	11.6
Equity	1.3	5.0	0.5	2.9

	Six months ended 31 Mar 15			
99% 10 Day Stressed VaR	Mean $M	Maximum $M	Minimum $M	Period end $M
Foreign Exchange	67.7	138.7	30.9	53.7
Interest Rate	62.9	170.3	18.5	63.5
Credit	26.0	39.9	18.8	23.6
Commodity	14.3	22.2	9.7	9.8
Equity	1.2	7.3	0.3	0.7

[30] The Foreign exchange VaR excludes foreign exchange translation exposures outside of the trading book.

Chapter 7 – Equities

Table 16 Equities – Disclosures for banking book positions

Table 16(b) and 16(c): Equities – Types and nature of Banking Book investments

Equity investments	Mar 16 $M Balance sheet value	Fair value
Value of listed (publicly traded) equities	3,081	2,646
Value of unlisted (privately held) equities	2,080	2,080
Total	**5,161**	**4,726**

Equity investments	Sep 15 $M Balance sheet value	Fair value
Value of listed (publicly traded) equities	2,328	1,853
Value of unlisted (privately held) equities	3,157	3,157
Total	**5,485**	**5,010**

Equity investments	Mar 15 $M Balance sheet value	Fair value
Value of listed (publicly traded) equities	2,415	2,941
Value of unlisted (privately held) equities	2,940	2,940
Total	**5,355**	**5,881**

Table 16(d) and 16(e): Equities – gains (losses)

Realised gains (losses) on equity investments	Half Year Mar 16 $M	Half Year Sep 15 $M	Half Year Mar 15 $M
Cumulative realised gains (losses) from disposals and liquidations in the reporting period	-	-	-
Cumulative realised losses from impairment and writedowns in the reporting period	(260)	-	-
Total	(260)	-	-

Unrealised gains (losses) on equity investments	Half Year Mar 16 $M	Half Year Sep 15 $M	Half Year Mar 15 $M
Total unrealised gains (losses)	6	-	2
Reversal of prior period unrealised gains (losses) from disposals and liquidations in the reporting period	-	-	-
Total unrealised gains (losses) included in Common Equity Tier 1, Tier 1 and/or Tier 2 capital	**6**	**-**	**2**

Table 16(f): Equities Risk Weighted Assets

From 1 January 2013 all banking book equity exposures are deducted from Common Equity Tier 1 capital.

Chapter 8 – Interest Rate Risk in the Banking Book

Table 17 Interest Rate Risk in the Banking Book

Table 17(b): Interest Rate Risk in the Banking Book

	Change in Economic Value		
Standard Shock Scenario Stress Testing: Interest rate shock applied	**Mar 16** $M	**Sep 15** $M	**Mar 15** $M
AUD			
200 basis point parallel increase	(200)	(17)	(393)
200 basis point parallel decrease	215	34	455
NZD			
200 basis point parallel increase	(82)	17	(15)
200 basis point parallel decrease	76	(23)	11
USD			
200 basis point parallel increase	(81)	(112)	(53)
200 basis point parallel decrease	92	123	57
GBP			
200 basis point parallel increase	16	-	6
200 basis point parallel decrease	(16)	-	(6)
Other			
200 basis point parallel increase	(80)	(74)	(43)
200 basis point parallel decrease	87	80	50
IRRBB regulatory capital	**822**	**595**	**615**
IRRBB regulatory RWA	**10,280**	**7,433**	**7,690**

IRRBB stress testing methodology

Stress tests within ANZ include standard and extraordinary tests. These tests are used to highlight potential risk which may not be captured by VaR, and how the portfolio might behave under extraordinary circumstances. Standard stress tests include statistically derived scenarios based on historical yield curve movements. These combine parallel shocks with twists and bends in the curve to produce a wide range of hypothetical scenarios at high statistical confidence levels, with the single worst scenario identified and reported. Extraordinary stress tests include interest rate moves from historical periods of stress as well as stresses to assumptions made about the repricing term of exposures. The rate move scenarios include daily changes over the stressed periods and the worst theoretical losses over the selected periods are each reported. Stresses of the repricing term assumptions investigate scenarios where actual repricing terms are vastly different to those modelled.

Chapter 9 – Leverage and Liquidity Coverage Ratio

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. APRA has not finalised a minimum Leverage Ratio requirement for Australian ADIs, although the current BCBS proposal is for a minimum of 3%. Currently the Leverage Ratio is only a disclosure requirement. APRA intends to consult on the appropriate application of the Leverage Ratio as a minimum requirement for Australian ADIs once BCBS finalises its calibration for implementation as a Pillar 1 requirement by January 2018

At 31 March 2016, the Group's Leverage Ratio of 5.1% was above the 3% minimum currently proposed by the BCBS. Table 18 below shows the Group's Leverage Ratio calculation as at 31 March 2016 and Table 19 summarises the reconciliation of accounting assets and leverage ratio exposure measure at 31 March 2016.

Table 18 Leverage Ratio

		Mar 16 $M	Sep 15 $M
On-balance sheet exposures			
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	751,367	751,843
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	(17,432)	(18,087)
3	Total on-balance sheet exposures (excluding derivatives and SFTs)	**733,935**	**733,756**
Derivative exposures			
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	12,199	16,078
5	Add-on amounts for PFE associated with all derivatives transactions	26,578	27,960
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(9,821)	(8,121)
8	(Exempted CCP leg of client-cleared trade exposures)	-	-
9	Adjusted effective notional amount of written credit derivatives	20,019	22,115
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(18,433)	(19,917)
11	Total derivative exposures	**30,542**	**38,115**
Securities financing transaction exposures			
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	20,928	17,319
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(387)	(763)
14	CCR exposure for SFT assets	879	741
15	Agent transaction exposures	-	-
16	Total securities financing transaction exposures	**21,420**	**17,297**
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	257,836	271,129
18	(Adjustments for conversion to credit equivalent amounts)	(154,883)	(163,312)
19	Off-balance sheet items	**102,953**	**107,817**
Capital and Total Exposures			
20	**Tier 1 capital**	**45,062**	**45,484**
21	**Total exposures**	**888,850**	**896,985**
Leverage ratio			
22	**Basel III leverage ratio**	**5.1%**	**5.1%**

Leverage ratio

ANZ's leverage ratio remained stable in the March 2016 half. Increase in the ratio arising from capital generation from cash earnings were offset by impact from payment of the 2015 Final Dividend (net of DRP) and increased holdings of High Quality Liquid Assets (HQLA) which contributed to growth in the exposure measure.

Table 19 Summary comparison of accounting assets vs. leverage ratio exposure measure

		Mar-16 $M	Sep-15 $M
1	Total consolidated assets as per published financial statements	895,278	889,900
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation.	(34,236)	(35,113)
3	Adjustment for assets held on the balance sheet in a fiduciary capacity pursuant to the Australian Accounting Standards but excluded from the leverage ratio exposure measure	-	-
4	Adjustments for derivative financial instruments.	(58,205)	(47,510)
5	Adjustment for SFTs (i.e. repos and similar secured lending)	492	(22)
6	Adjustment for off-balance sheet exposures (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	102,953	107,817
7	Other adjustments	(17,432)	(18,087)
8	**Leverage ratio exposure**	**888,850**	**896,985**

Table 20 Liquidity Coverage Ratio disclosure template

		Mar 16		Dec 15		Sep 15	
		Total Unweighted Value $M	Total Weighted Value $M	Total Unweighted Value $M	Total Weighted Value $M	Total Unweighted Value $M	Total Weighted Value $M
Liquid assets, of which:							
1	High-quality liquid assets (HQLA)	-	125,727	-	115,182	-	107,769
2	Alternative liquid assets (ALA)	-	45,300	-	49,000	-	54,000
3	Reserve Bank of New Zealand (RBNZ) securities	-	9,987	-	6,097	-	11,627
Cash outflows							
4	Retail deposits and deposits from small business customers	207,897	23,715	205,344	23,965	197,388	23,012
5	of which: stable deposits	74,413	3,721	73,016	3,651	70,393	3,520
6	of which: less stable deposits	133,484	19,994	132,328	20,314	126,995	19,492
7	Unsecured wholesale funding	190,478	113,890	186,041	111,551	182,225	108,264
8	of which: operational deposits (all counterparties) and deposits in networks for cooperative banks	48,979	12,156	48,723	12,084	48,026	11,918
9	of which: non-operational deposits (all counterparties)	125,679	85,914	122,970	85,119	120,049	82,196
10	of which: unsecured debt	15,820	15,820	14,348	14,348	14,150	14,150
11	Secured wholesale funding		1,213		266	-	5,993
12	Additional requirements	149,890	41,456	146,560	36,105	140,876	35,940
13	of which: outflows related to derivatives exposures and other collateral requirements	27,664	27,664	22,421	22,421	23,049	23,049
14	of which: outflows related to loss of funding on debt products	-	-	-	-	-	-
15	of which: credit and liquidity facilities	122,226	13,792	124,139	13,684	117,827	12,891
16	Other contractual funding obligations	11,606	-	14,117	-	13,597	-
17	Other contingent funding obligations	111,944	4,867	110,001	4,881	115,501	5,785
18	Total cash outflows		185,141		176,768		178,994
Cash inflows							
19	Secured lending (e.g. reverse repos)	15,166	1,379	10,820	-	9,270	15
20	Inflows from fully performing exposures	36,797	25,191	40,274	26,157	40,293	26,696
21	Other cash inflows	15,865	15,865	15,607	15,607	16,155	16,155
22	Total cash inflows	67,828	42,435	66,701	41,764	65,718	42,866
23	Total liquid assets	-	181,014	-	170,279	-	173,396
24	Total net cash outflows	-	142,706	-	135,004	-	136,128
25	Liquidity Coverage Ratio (%)		126.8%		126.1%		127.4%
	Number of data points used (simple average)		64		66		66

Liquidity Coverage Ratio (LCR)

ANZ's average LCR for the 6 months to 31 March 2016 was 126% with total liquid assets exceeding net outflows by an average of $36.8bn.

The main contributors to net 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.

The composition of the liquid asset portfolio has remained relatively stable through the half, with HQLA securities and cash making up on average 69% of total liquid assets.

Through the period the Liquidity Coverage Ratio has remained within a range of 117% to 137%. 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.
Collective provision (CP)	Collective provision is the provision for credit losses that are inherent in the portfolio but not able to be individually identified. A collective provision may only be recognised when a loss event has already occurred. Losses expected as a result of future events, no matter how likely, are not 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)	Impaired 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.
Individual provisions (IP)	Individual provisions 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.
Internationally Comparable Basel III Capital	The Internationally Comparable Basel 3 CET1 ratio incorporates differences between APRA and both the Basel Committee Basel III framework (including differences identified in the March 2014 Basel Committee Regulatory Consistency Assessment Programme (RCAP) on Basel III implementation in Australia) and its application in major offshore jurisdictions.

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.

This page has been intentionally left blank

anz.com
Australia and New Zealand Banking Group Limited
ABN 11005357522