2009 Risk & Capital Report

Incorporating the requirements of APS 330

Half Year Update

31 March 2009

National Australia Bank Limited ABN 12 004 044 937 (the 'Company')

National Australia Bank

nab Clydesdale Bank Yorkshire Bank bnz Great Western Bank nabCapital MLC

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Table of Contents

APS 330 Disclosure

Australian Prudential Regulation Authority ("APRA") has prudential oversight of the operations of all locally incorporated ADIs in Australia. Under Prudential Standard APS 330 Capital Adequacy: Public Disclosure of Prudential Information ("APS 330"), ADIs that are Australian owned and have been approved by APRA to use the advanced approaches for the measurement of risk are required to disclose a range of both quantitative and qualitative prudential information annually, semi-annually and quarterly.

The Group operates in multiple regulatory jurisdictions. The following table sets out the methodologies applied across the Group as at 31 March 2009.

Basel II Approach	Credit Risk	Operational Risk	Non Traded Market Risk	Traded Market Risk
National Australia Bank Limited[1]	Advanced IRB	AMA	IRRBB	Standardised and IMA
Bank of New Zealand	Advanced IRB	AMA	IRRBB	n/a
Clydesdale Bank PLC	Standardised	Standardised	IRRBB	n/a
Great Western Bank	Basel I	n/a	n/a	n/a

1. Australia Region and nabCapital are accredited under the Basel II accreditation of National Australia Bank Limited.

Great Western Bank is reported under 'Standardised – Other' for the purposes of calculating the consolidated banking group position.

This half year update of the Group's capital adequacy and risk disclosures has been prepared in accordance with APS 330.

This report provides half year information on the quantitative tables required by APS 330 including:

- Scope of Application
- Capital Structure
- Capital Adequacy – Risk Weighted Assets and Capital Ratios
- Credit Risk – General Disclosures
- Credit Risk – Standardised Portfolio
- Credit Risk – IRB Portfolio
- Credit Risk Mitigation
- Securitisation
- Traded Market Risk – Standardised & IMA
- Operational Risk
- Equity Risk
- Non-Traded Market Risk

More detailed qualitative and quantitative disclosure of the Group's risk and capital disclosures for the year ended 30 September 2008 are available on the National Australia Bank Group's website (www.nabgroup.com).

The Group Disclosure and External Communications Policy (available on the National Australia Bank Group's website http://www.nabgroup.com) requires processes and practices to ensure the integrity and timeliness of prudential disclosures.

Certification and Disclosure

The National Australia Bank Group's Chief Executive Officer attests to the reliability of the Group's APS 330 disclosures in the annual declaration provided to APRA under APS 310.

Disclosure controls and procedures have been designed and implemented to effectively manage prudential reporting risk.

Scope of Application

Scope of Disclosure

As required under APS 330, this disclosure applies to the Level 2 consolidated Group, being the National Australia Bank Limited ("the Company") and the entities it controls subject to certain exceptions set out in this part ("the Group").

The controlled entities in the Group include controlled banking entities (Bank of New Zealand, Clydesdale Bank PLC and Great Western Bank), and other financial entities (e.g. finance companies and leasing companies).

Under guidelines issued by APRA, life insurance and funds management entities activities are excluded from the calculation of Basel II risk weighted assets and the related controlled entities are deconsolidated from the National Australia Bank Group for the purposes of calculating capital adequacy. Capital adequacy deductions are applied to the investments in, and profits of, these activities.

In addition, securitisation special purpose vehicles ("SPVs") to which assets have been transferred in accordance with APRA's requirements as set out in Prudential Standard APS 120: Securitisation ("APS 120") have been deconsolidated from the National Australia Bank Group for the purposes of this disclosure. For regulatory purposes credit risk is removed from the sold assets, and there is no requirement to hold capital against them.

Differences arising in consolidation between Regulatory and Accounting approaches

The primary difference in consolidation between the regulatory approach and the accounting approach as defined by the Australian equivalents to the International Financial Reporting Standards ("AIFRS") is the area of investments in life insurance, funds management and securitisation. Under AIFRS, all entities, including special purpose vehicles, where the National Australia Bank Group has the power to govern the financial and operating policies so as to obtain benefit from their activities, are consolidated. This includes life insurance funds management and special purpose vehicles used to house assets securitised. A list of material controlled entities included in the consolidated National Australia Bank Group for accounting purposes can be found in the National Australia Bank Group's 30 September 2008 financial report.

Restrictions on the transfer of funds or regulatory capital within the National Australia Bank Group

The transfer of regulatory capital and funding within the National Australia Bank Group is subject to restrictions imposed by National Australia Bank Group or local regulatory requirements as reflected in internal policies.

Further, for funding transfers within the National Australia Bank Group, APS 222: Associations with Related Entities establishes limits on the level of exposure (for example debt and equity) that the Company may have to a related entity. National Australia Bank Group policy requires compliance with these limits and that the Company takes account of risks associated with dealings with other members of the National Australia Bank Group.

Scope of Application [APS 330 Table 1]

	As at 31 Mar 09	As at 30 Sep 08
Capital deficiencies in non-consolidated subsidiaries	**$m**	**$m**
Aggregate amount of under capitalisation in non-consolidated subsidiaries of the ADI group	0	0

Clydesdale Bank PLC

Clydesdale Bank PLC has made use of the provisions laid down in BIPRU 2.1 (Solo Consolidation Waiver). This enables some intra group exposures and investments of Clydesdale Bank PLC in its subsidiaries to be eliminated and the free reserves of such subsidiaries to be aggregated, when calculating capital resource requirements of Clydesdale Bank PLC.

BNZ

Bank of New Zealand ("BNZ") is a wholly owned subsidiary of National Australia Bank Limited and operates as a regionally autonomous, full-service bank in New Zealand. The BNZ Board is responsible for corporate governance and derives its authority from the Constitution of Bank of New Zealand and applicable New Zealand legislation.

BNZ is subject to the capital adequacy requirements applicable in New Zealand, and achieved advanced Basel II status from the Reserve Bank of New Zealand ("RBNZ") in 2008. The capital ratios for BNZ presented in this report have been derived under the RBNZ's Capital Adequacy Framework (Internal Models Approach). Full Basel II based disclosures are published separately under the General Disclosure Statement regime applicable to banks incorporated in New Zealand.

Capital

Capital Adequacy [APS 330 Tables 3b – f]

The following table provides the Basel II risk weighted assets for the Group. Calculations are in accordance with APRA defined methodology.

	As at 31 Mar 09 RWA $m	As at 30 Sep 08 RWA $m
Credit Risk (1)		
IRB approach		
Corporate (including SME) (2)	156,070	149,395
Sovereign	-	-
Bank	6,584	11,482
Residential mortgage	44,449	44,977
Qualifying revolving retail	4,610	4,537
Other retail	2,991	2,966
Other	6,585	6,965
Total IRB approach (3)	**221,289**	**220,322**
Specialised lending (SL) exposures subject to slotting criteria (4)	**21,598**	**14,675**
Standardised approach		
Australian and foreign governments	334	534
Bank	1,084	306
Residential mortgage	20,376	18,073
Corporate	37,921	40,008
Other	10,323	9,573
Total standardised approach	**70,038**	**68,494**
Other		
Securitisation	7,860	**5,983**
Equity	831	**657**
Total credit risk	**321,616**	**310,131**
Market risk	5,121	**5,088**
Operational risk	24,336	**23,649**
Interest rate risk in the banking book	1,300	**4,643**
Total risk weighted assets (5)	**352,373**	**343,511**

(1) *Risk Weighted Assets ("RWA") which are calculated in accordance with APRA's requirements under Basel II, are required to incorporate a scaling factor of 1.06 to assets that are not subject to specific risk weights.*

(2) *The Group's 'Corporate' portfolio includes all corporate credit exposures and exposures that could potentially fit a Retail SME portfolio, and as such contains a range from large corporates at the investment grade level to smaller retail SME customers. The Group has a large middle market corporate portfolio in its Australian portfolio.*

(3) *For IRB approach: 'Bank' includes ADIs, overseas banks and non-commercial public sector entities. 'Residential mortgage' includes exposures that are partly or fully secured by residential properties. 'Qualifying revolving retail' exposures are revolving, unsecured and unconditionally cancellable (both contractually and in practice), for individuals and not explicitly for business purposes. 'Other' includes non-lending asset exposures which are not covered in the above categories. Non-lending assets are specifically excluded from credit risk exposures shown on page 8 to 25 of this report.*

(4) *'Specialised Lending' includes the four sub-classes: project finance, object finance, commodities finance and income producing real estate ("IPRE"). The majority of the increase in the 'Specialised Lending' portfolio since 30 September 2008 is due to the reclassification of a number of counterparties from 'IRB Corporate' (including SME) to 'Specialised Lending' as part of an on-going portfolio review.*

(5) *As at 31 March 2009 the Group held $4.0bn of government guaranteed Financial Institution Debt. The application of lower risk weights on these holdings resulted in a reduction of RWA by $1.2bn and an effective increase in Tier 1 capital ratio of 0.03% and Total capital ratio of 0.04%. This debt is assessed in accordance with normal credit approval processes.*

Capital Ratios [APS 330 Table 3g]

The table below provides the key capital ratios defined by APS 330. Capital ratios for offshore banking subsidiaries reflect host regulator discretions.

	As at	
	31 Mar 09	30 Sep 08
Capital ratios (1)	%	%
Level 2 total capital ratio	12.19%	10.93%
Level 2 Tier 1 capital ratio	8.31%	7.35%
Level 1 National Australia Bank total capital ratio (2)	13.67%	11.75%
Level 1 National Australia Bank Tier 1 capital ratio (2)	9.52%	8.03%
Significant subsidiaries		
Clydesdale Bank total capital ratio	13.29%	11.10%
Clydesdale Bank Tier 1 capital ratio	8.31%	7.18%
Bank of New Zealand total capital ratio	10.80%	10.78%
Bank of New Zealand Tier 1 capital ratio	8.16%	8.05%
Great Western Bank total capital ratio	11.60%	10.51%
Great Western Bank Tier 1 capital ratio	10.51%	9.87%

(1) *Level 1 group represents the extended license entity (note: ELE status was applied for the first time in accordance with APRA's requirements at 30 September 2008). The Level 2 group represents the consolidation of Group and all its subsidiary entities, other than non-consolidated subsidiaries as outlined under Table 1 'Scope of Application'.*

(2) *Level 1 Tier 1 and total capital ratios for 30 September 2008 have been amended to reflect regulatory requirements for related party exposures to securitisation vehicles. Exposure to own asset securitisation vehicles at Level 1 was being captured when it should have been excluded as per the prudential guidelines.*

Capital Structure

Capital Structure [APS 330 Tables 2b – d] [(1)]

	As at 31 Mar 09 $m	As at 30 Sep 08 $m
Tier 1 capital		
Paid-up ordinary share capital	15,002	11,304
Reserves	(49)	443
Retained earnings	15,793	13,071
Current year earnings	1,000	3,138
Minority interests	40	56
Innovative Tier 1 capital	3,835	3,780
Non-innovative Tier 1 capital	2,242	2,242
Gross Tier 1 capital	**37,863**	**34,034**
Deductions from Tier 1 capital		
Banking goodwill	1,474	1,333
Wealth management goodwill and other intangibles	3,892	3,895
Deferred tax assets	1,160	908
Other deductions from Tier 1 capital only	848	1,573
50/50 deductions from Tier 1 capital		
Investment in non-consolidated controlled entities	581	575
Expected loss in excess of eligible provisions	402	303
Deductions relating to securitisation	220	204
Other 50/50 deductions from Tier 1 capital	-	-
Total Tier 1 capital deductions	**8,577**	**8,791**
Net Tier 1 capital	**29,286**	**25,243**
Tier 2 capital		
Upper Tier 2 capital	985	780
Lower Tier 2 capital	13,947	12,696
Gross Tier 2 capital	**14,932**	**13,476**
Deductions from Tier 2 capital		
Deductions from Tier 2 capital only	74	75
50/50 deductions from Tier 2 capital		
Investment in non-consolidated controlled entities	581	575
Expected loss in excess of eligible provisions	402	303
Deductions relating to securitisation	220	204
Other 50/50 deductions from Tier 2 capital	-	-
Total Tier 2 capital deductions	**1,277**	**1,157**
Net Tier 2 capital	**13,655**	**12,319**
Total capital	**42,941**	**37,562**

(1) *Regulatory Capital has been calculated in accordance with APRA definitions in Prudential Standard APS 111 Capital Adequacy: Measurement of Capital. The regulatory approach to calculating capital is different to the accounting approach as defined under AIFRS.*

Credit Risk General Disclosure

Summary Exposures by Measurement Approach [APS 330 Table 4i]

This table provides the amount of gross credit risk exposure subject to the Standardised and Advanced IRB approaches. The Group has no credit risk exposures subject to Foundation IRB approaches. Gross credit risk exposure refers to the potential exposure as a result of a counterparty default prior to the application of credit risk mitigation. It is defined to be the outstanding amount on drawn commitments plus a credit conversion factor on undrawn commitments on a given facility. For derivatives, the exposure is defined as the mark-to-market value plus a potential value of future movements. Exposures exclude non-lending assets, equities and securitisation.

	As at 31 Mar 09					
	Total exposure (EaD)	Risk weighted assets	Regulatory expected loss (1)	Write-offs for the 6 months ended (2)	Impaired facilities (3)	Specific provisions (4)
Exposure Type	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
IRB approach						
Corporate (including SME)	223,740	156,070	2,833	122	2,255	960
Sovereign	-	-	-	-	-	-
Bank	68,384	6,584	12	-	-	-
Residential mortgage	201,362	44,449	711	26	648	108
Qualifying revolving retail	11,596	4,610	244	89	-	-
Other retail	3,012	2,991	166	42	12	5
Other	-	-	-	-	-	-
Total IRB approach	**508,094**	**214,704**	**3,966**	**279**	**2,915**	**1,073**
Specialised lending (SL)	**26,605**	**21,598**	**616**	**-**	**150**	**52**
Standardised approach						
Australian and foreign governments	21,808	334	-	-	-	-
Banks	15,293	1,084	-	-	-	-
Residential Mortgage	33,259	20,376	-	1	48	12
Corporate	39,846	37,921	-	190	750	118
Other	10,304	10,323	-	70	61	22
Total standardised approach	**120,510**	**70,038**	**-**	**261**	**859**	**152**
Total exposures	**655,209**	**306,340**	**4,582**	**540**	**3,924**	**1,277**
General reserve for credit losses (5)						2,870
Total provisions for doubtful debts, excluding assets at fair value						**4,147**
General reserve for credit losses						2,870
Provision held on assets at fair value (6)						675
Collective provision						**3,545**

(1) *'Regulatory expected loss' is a calculation of the estimated loss that may be experienced by the Group by the IRB approach over the next 12 months.*

(2) *'Write-offs' represent credit loss expenses recognised in the Consolidated Income Statement during the reporting period in accordance with accounting rules.*

(3) *'Impaired facilities' consist of retail loans (excluding credit card loans and portfolio managed facilities) which are contractually past due 90 days with security insufficient to cover principal and arrears of interest revenue; non-retail loans which are contractually past due and there is sufficient doubt about the ultimate collectability of principal and interest; and impaired off-balance sheet credit exposures where current circumstances indicate that losses may be incurred. Unsecured portfolio managed facilities when they become 180 days past due, and loans where some concerns exist as to the ongoing ability of the borrowers to comply with the present loan repayment terms, are classified as impaired assets.*

(4) *'Specific provisions' for prudential purposes include all provisions for impairment assessed by an ADI on an individual basis in accordance with AIFRS.*

(5) *'The 'general reserve for credit losses' for the purposes of this disclosure is calculated as the pre-tax collective provisions (excluding credit risk adjustments for fair value assets and trading derivatives). The collective provision being as disclosed in the National Australia Bank Group's 2009 Half Year Results. This will allow more relevant comparison to existing external disclosures.*

(6) *The provisions held on assets at fair value at March 2009. This excludes $39m of specific credit risk adjustments for assets at fair value and includes a management overlay of $160 million that has been taken in respect of conduit related assets and derivative transactions to reflect the uncertainty created by the rapid deteriorating economic conditions and the impact of any consequent default.*

	As at 30 Sep 08					
	Total exposure (EaD)	Risk weighted assets	Regulatory expected loss	Write-offs for the 12 months ended	Impaired facilities	Specific provisions
Exposure Type	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
IRB approach						
Corporate (including SME)	227,945	149,395	2,057	164	1,154	442
Sovereign	-	-	-	-	-	-
Bank	96,983	11,482	18	-	-	-
Residential mortgage	197,704	44,977	655	44	507	82
Qualifying revolving retail	11,515	4,537	226	168	2	-
Other retail	2,951	2,966	149	76	21	5
Other	-	-	-	-	-	-
Total IRB approach	**537,098**	**213,357**	**3,105**	**452**	**1,684**	**529**
Specialised lending (SL)	**17,074**	**14,675**	**187**	**4**	**21**	**6**
Standardised approach						
Australian and foreign governments	6,608	534	-	-	-	-
Banks	25,068	306	-	-	-	-
Residential Mortgage	34,432	18,073	-	2	29	5
Corporate	45,458	40,008	-	244	379	86
Other	9,518	9,573	-	158	36	19
Total standardised approach	**121,084**	**68,494**	**-**	**404**	**444**	**110**
Total exposures	**675,256**	**296,526**	**3,292**	**860**	**2,149**	**645**

General reserve for credit losses	2,318
Total provisions for doubtful debts	**2,963**

General reserve for credit losses	2,318
Provision held on assets at fair value	**331**
Collective provision	**2,649**

Credit Exposures by Measurement Approach

The two tables "Total Gross Credit Exposures" and "Average Credit Risk Exposure" provide credit exposures for the Standardised and Advanced IRB approach within the Group, including both on- and off-balance sheet exposures, excluding non-lending assets, equities and securitisation exposures.

Total Gross Credit Exposures [APS 330 Table 4b (i)]

	As at 31 Mar 09			
Exposure type	On-balance sheet exposures $m	Non-market related off-balance sheet $m	Market related off-balance sheet $m	Total exposures [(1)] $m
IRB approach				
Corporate (including SME)	156,122	49,201	18,417	223,740
Sovereign	-	-	-	-
Bank	23,631	2,329	42,424	68,384
Residential mortgage	171,271	30,091	-	201,362
Qualifying revolving retail	5,864	5,732	-	11,596
Other retail	2,527	485	-	3,012
Other	-	-	-	-
Total IRB approach	**359,415**	**87,838**	**60,841**	**508,094**
Specialised lending (SL)	**20,889**	**4,175**	**1,541**	**26,605**
Standardised approach				
Australian and foreign governments	16,523	758	4,527	21,808
Banks	11,525	421	3,347	15,293
Residential mortgage	31,748	1,511	-	33,259
Corporate	33,325	5,565	956	39,846
Other	9,593	711	-	10,304
Total standardised approach	**102,714**	**8,966**	**8,830**	**120,510**
Total exposures (EaD)	**483,018**	**100,979**	**71,212**	**655,209**

(1) *Total Credit Exposures are Exposure at Default ("EaD") estimates of potential exposure, according to product type, for a period of 1 year including an estimate of future lending for undrawn balance sheet commitments. For off-balance sheet exposures, the EaD is calculated using Credit Conversion Factors ("CCFs") that convert the exposure into an on-balance sheet equivalent. EaD is measured gross of specific provisions, partial write-offs and prior to the application of credit risk mitigation.*

	As at 30 Sep 08			
Exposure type	On-balance sheet exposures $m	Non-market related off-balance sheet $m	Market related off-balance sheet $m	Total exposures $m
IRB approach				
Corporate (including SME)	159,052	53,427	15,466	227,945
Sovereign	-	-	-	-
Bank	27,120	4,167	65,696	96,983
Residential mortgage	168,582	29,122	-	197,704
Qualifying revolving retail	5,856	5,659	-	11,515
Other retail	2,474	477	-	2,951
Other	-	-	-	-
Total IRB approach	**363,084**	**92,852**	**81,162**	**537,098**
Specialised lending (SL)	**12,982**	**3,739**	**353**	**17,074**
Standardised approach				
Australian and foreign governments	4,935	460	1,213	6,608
Banks	13,209	452	11,407	25,068
Residential mortgage	32,791	1,641	-	34,432
Corporate	37,511	7,584	363	45,458
Other	9,035	483	-	9,518
Total standardised approach	**97,481**	**10,620**	**12,983**	**121,084**
Total exposures (EaD)	**473,547**	**107,211**	**94,498**	**675,256**

Average Credit Risk Exposure [APS 330 Table 4b (ii)]

	6 months ended 31 Mar 09			
Exposure type	**On-balance sheet exposures $m**	**Non-market related off-balance sheet $m**	**Market related off-balance sheet $m**	**Average total exposures [(1)] $m**
IRB approach				
Corporate (including SME)	157,587	51,314	16,942	**225,843**
Sovereign	-	-	-	**-**
Bank	25,375	3,248	54,060	**82,683**
Residential mortgage	169,926	29,607	-	**199,533**
Qualifying revolving retail	5,860	5,695	-	**11,555**
Other retail	2,501	481	-	**2,982**
Other	-	-	-	**-**
Total IRB approach	**361,249**	**90,345**	**71,002**	**522,596**
Specialised lending (SL)	**16,936**	**3,957**	**947**	**21,840**
Standardised approach				
Australian and foreign governments	10,729	609	2,870	**14,208**
Banks	12,367	436	7,377	**20,180**
Residential mortgage	32,270	1,576	-	**33,846**
Corporate	35,418	6,575	659	**42,652**
Other	9,314	597	-	**9,911**
Total standardised approach	**100,098**	**9,793**	**10,906**	**120,797**
Total exposures (EaD)	**478,283**	**104,095**	**82,855**	**665,233**

[(1)] *Average credit exposure is equal to the sum of the Gross Credit Exposure at the beginning of the period plus the Gross Credit Exposure at the end of the reporting period divided by two.*

	3 months ended 30 Sep 08			
Exposure type	**On-balance sheet exposures $m**	**Non-market related off-balance sheet $m**	**Market related off-balance sheet $m**	**Average total exposures $m**
IRB approach				
Corporate (including SME)	160,251	61,154	16,793	238,198
Sovereign	-	-	-	-
Bank	27,409	4,148	62,188	93,745
Residential mortgage	163,453	28,472	-	191,925
Qualifying revolving retail	5,828	5,668	-	11,496
Other retail	2,478	433	-	2,911
Other	-	-	-	-
Total IRB approach	**359,419**	**99,875**	**78,981**	**538,275**
Specialised lending (SL)	**11,847**	**3,906**	**222**	**15,975**
Standardised approach				
Australian and foreign governments	5,611	527	1,215	7,353
Banks	10,602	227	7,938	18,767
Residential mortgage	30,873	1,601	-	32,474
Corporate	36,100	9,322	254	45,676
Other	8,836	857	-	9,693
Total standardised approach	**92,022**	**12,534**	**9,407**	**113,963**
Total exposures (EaD)	**463,288**	**116,315**	**88,610**	**668,213**

Geographic Distribution of Credit Risk Exposures [APS 330 Table 4c]

This table provides the total on- and off-balance sheet gross credit exposures, excluding non-lending assets, equities and securitisation exposures for the standardised and advanced portfolios, by major geographical areas derived from the booking office where the exposure was transacted.

	As at 31 Mar 09				
Exposure type	**Australia $m**	**New Zealand $m**	**United Kingdom $m**	**Other [(1)] $m**	**Total exposure $m**
IRB approach					
Corporate (including SME)	165,133	29,091	20,942	8,574	**223,740**
Sovereign	-	-	-	-	**-**
Bank	44,091	2,657	15,751	5,885	**68,384**
Residential mortgage	179,149	22,213	-	-	**201,362**
Qualifying revolving retail	9,776	1,820	-	-	**11,596**
Other retail	2,691	321	-	-	**3,012**
Other	-	-	-	-	**-**
Total IRB approach	**400,840**	**56,102**	**36,693**	**14,459**	**508,094**
Specialised lending (SL)	**21,486**	**1,254**	**1,784**	**2,081**	**26,605**
Standardised approach					
Australian and foreign governments	9,283	2,929	8,490	1,106	**21,808**
Banks	306	1,477	13,339	171	**15,293**
Residential mortgage	861	13	31,323	1,062	**33,259**
Corporate	6,806	22	32,886	132	**39,846**
Other	196	-	4,959	5,149	**10,304**
Total standardised approach	**17,452**	**4,441**	**90,997**	**7,620**	**120,510**
Total exposures (EaD)	**439,778**	**61,797**	**129,474**	**24,160**	**655,209**

(1) *'Other' comprises the United States and Asia.*

	As at 30 Sep 08				
Exposure type	**Australia $m**	**New Zealand $m**	**United Kingdom $m**	**Other $m**	**Total exposure $m**
IRB approach					
Corporate (including SME)	168,725	28,446	19,370	11,404	**227,945**
Sovereign	-	-	-	-	**-**
Bank	59,914	6,721	27,623	2,725	**96,983**
Residential mortgage	175,557	22,147	-	-	**197,704**
Qualifying revolving retail	9,669	1,846	-	-	**11,515**
Other retail	2,633	318	-	-	**2,951**
Other	-	-	-	-	**-**
Total IRB approach	**416,498**	**59,478**	**46,993**	**14,129**	**537,098**
Specialised lending (SL)	**14,211**	**1,105**	**1,255**	**503**	**17,074**
Standardised approach					
Australian and foreign governments	3,593	1,255	1,462	298	**6,608**
Banks	4,190	420	20,345	113	**25,068**
Residential mortgage	953	11	33,451	17	**34,432**
Corporate	7,623	27	36,932	876	**45,458**
Other	207	-	5,501	3,810	**9,518**
Total standardised approach	**16,566**	**1,713**	**97,691**	**5,114**	**121,084**
Total exposures (EaD)	**447,275**	**62,296**	**145,939**	**19,746**	**675,256**

Industry Distribution 1993 ANZSIC [APS 330 Table 4d]

This table provides the distribution of gross credit exposures, excluding non-lending assets, equities and securitisation exposures, by major industry type. Industry classifications follow ANZSIC Level 1 classifications. All material Level 1 category exposures are disclosed separately.

	As at 31 Mar 09										
	Accommodation cafes, pubs and restaurants	Agriculture, forestry, fishing and mining	Construction	Finance and insurance [1]	Manufacturing	Personal	Property and business services	Retail and wholesale trade	Transport and storage	Other [2]	Total
Exposure type	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
IRB approach											
Corporate (including SME)	7,330	32,567	8,393	35,976	23,776	737	60,642	23,147	9,612	21,560	**223,740**
Sovereign	-	-	-	-	-	-	-	-	-	-	**-**
Bank	-	-	-	66,094	-	-	-	-	-	2,290	**68,384**
Residential mortgage	574	733	1,484	2,899	458	175,209	17,023	1,282	208	1,492	**201,362**
Qualifying revolving retail	-	-	-	-	-	11,596	-	-	-	-	**11,596**
Other retail	-	-	-	-	-	3,012	-	-	-	-	**3,012**
Other	-	-	-	-	-	-	-	-	-	-	**-**
Total IRB approach	**7,904**	**33,300**	**9,877**	**104,969**	**24,234**	**190,554**	**77,665**	**24,429**	**9,820**	**25,342**	**508,094**
Specialised lending (SL)	**70**	**317**	**261**	**724**	**255**	**-**	**19,400**	**178**	**1,301**	**4,099**	**26,605**
Standardised approach											
Australian and foreign governments	-	-	-	5,253	-	-	-	-	-	16,555	**21,808**
Banks	-	-	-	15,205	-	-	-	-	-	88	**15,293**
Residential mortgage	483	294	758	117	104	24,259	6,302	266	73	603	**33,259**
Corporate	2,145	2,585	2,129	1,831	2,929	4,643	13,610	3,069	1,107	5,798	**39,846**
Other	5	813	700	2	9	5,978	39	17	3	2,738	**10,304**
Total standardised approach	**2,633**	**3,692**	**3,587**	**22,408**	**3,042**	**34,880**	**19,951**	**3,352**	**1,183**	**25,782**	**120,510**
Total exposures (EaD)	**10,607**	**37,309**	**13,725**	**128,101**	**27,531**	**225,434**	**117,016**	**27,959**	**12,304**	**55,223**	**655,209**

(1) *In order to provide for a meaningful differentiation and quantitative estimate of risk that are consistent, verifiable, relevant and soundly based,' Finance and Insurance' exposures are disclosed based on the counterparty to which the Group is exposed to for credit risk.*

(2) *Immaterial categories are grouped collectively under 'Other'.*

	As at 30 Sep 08										
	Accommodation cafes, pubs and restaurants	**Agriculture, forestry, fishing and mining**	**Construction**	**Finance and insurance**	**Manufacturing**	**Personal**	**Property and business services**	**Retail and wholesale trade**	**Transport and storage**	**Other**	**Total**
Exposure type	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
IRB approach											
Corporate (including SME)	7,116	32,363	7,961	38,770	24,297	758	62,325	22,317	10,297	21,741	**227,945**
Sovereign	-	-	-	-	-	-	-	-	-	-	**-**
Bank	-	-	-	94,820	-	-	-	-	-	2,163	**96,983**
Residential mortgage	534	729	1,393	3,020	443	171,902	16,749	1,214	197	1,523	**197,704**
Qualifying revolving retail	-	-	-	-	-	11,515	-	-	-	-	**11,515**
Other retail	-	-	-	-	-	2,951	-	-	-	-	**2,951**
Other	-	-	-	-	-	-	-	-	-	-	**-**
Total IRB approach	**7,650**	**33,092**	**9,354**	**136,610**	**24,740**	**187,126**	**79,074**	**23,531**	**10,494**	**25,427**	**537,098**
Specialised lending (SL)	**52**	**398**	**168**	**492**	**54**	**-**	**12,969**	**34**	**594**	**2,313**	**17,074**
Standardised approach											
Australian and foreign governments	-	-	-	1,674	-	-	-	-	-	4,934	**6,608**
Banks	-	-	-	25,068	-	-	-	-	-	-	**25,068**
Residential mortgage	432	306	1,139	21	90	24,978	6,749	265	70	382	**34,432**
Corporate	2,363	2,639	2,395	2,240	2,972	5,586	13,826	3,365	1,339	8,733	**45,458**
Other	-	566	670	-	-	6,379	-	-	-	1,903	**9,518**
Total standardised approach	**2,795**	**3,511**	**4,204**	**29,003**	**3,062**	**36,943**	**20,575**	**3,630**	**1,409**	**15,952**	**121,084**
Total exposures (EaD)	**10,497**	**37,001**	**13,726**	**166,105**	**27,856**	**224,069**	**112,618**	**27,195**	**12,497**	**43,692**	**675,256**

Residual Contractual Maturity [APS 330 Table 4e]

This table sets out the residual contractual maturity breakdown of gross credit exposures by Basel II asset class, excluding non- lending assets, equities and securitisation exposures. Overdraft and other similar revolving facilities are allocated to the category that most appropriately captures the maturity characteristics of the product.

	As at 31 Mar 09			
	<12 months	1 – 5 years	>5 years	No specified maturity [(1)]
Exposure type	**$m**	**$m**	**$m**	**$m**
IRB approach				
Corporate (including SME)	83,146	104,062	31,256	5,276
Sovereign	-	-	-	-
Bank	50,707	7,279	10,291	107
Residential mortgage	43,845	10,830	146,092	595
Qualifying revolving retail	1	-	-	11,595
Other retail	222	811	1,480	499
Other	-	-	-	-
Total IRB approach	**177,921**	**122,982**	**189,119**	**18,072**
Specialised lending (SL)	**7,104**	**15,303**	**4,045**	**153**
Standardised approach				
Australian and foreign governments	14,113	7,200	184	311
Banks	12,925	1,517	851	-
Residential mortgage	3,627	4,430	24,573	629
Corporate	15,079	12,526	9,182	3,059
Other	1,036	2,598	5,433	1,237
Total standardised approach	**46,780**	**28,271**	**40,223**	**5,236**
Total exposures (EaD)	**231,805**	**166,556**	**233,387**	**23,461**

(1) *No specified maturity includes exposures related to credit cards, on demand facilities and guarantees given by the Group with no fixed maturity date.*

	As at 30 Sep 08			
	<12 months	1 – 5 years	>5 years	No specified maturity
Exposure type	**$m**	**$m**	**$m**	**$m**
IRB approach				
Corporate (including SME)	86,320	104,071	31,284	6,270
Sovereign	-	-	-	-
Bank	64,688	20,924	11,091	280
Residential mortgage	43,420	11,483	142,170	631
Qualifying revolving retail	1	-	-	11,514
Other retail	231	728	1,474	518
Other	-	-	-	-
Total IRB approach	**194,660**	**137,206**	**186,019**	**19,213**
Specialised lending (SL)	**4,285**	**10,544**	**2,225**	**20**
Standardised approach				
Australian and foreign governments	5,471	844	167	126
Banks	23,741	562	765	-
Residential mortgage	4,299	3,913	25,562	658
Corporate	17,164	14,636	10,729	2,929
Other	866	2,969	4,382	1,301
Total standardised approach	**51,541**	**22,924**	**41,605**	**5,014**
Total exposures (EaD)	**250,486**	**170,674**	**229,849**	**24,247**

Credit Provisions and Losses

The following tables set out credit risk provision information by Basel II asset class, excluding non-lending assets, equities and securitisation exposures. Definitions of impairment and past due facilities are based on APRA Prudential Standard APS 220: Credit Quality and related guidance notes. The determination of specific provisions is in accordance with APRA Guidance Note AGN 220.2: Impairment, Provisioning and the General Reserve for Credit Losses. Impaired facilities are disclosed in accordance with APRA's definition of impaired facilities under Guidance Note AGN 220.1: Impaired Asset Definitions paragraph 7.

Credit Risk Provisions [APS 330 Table 6e & 17b – c]

	As at 31 Mar 09			6 months ended 31 Mar 09	
	Impaired facilities	Past due facilities ≥90 days (1)	Specific provision balance	Charges for specific provision	Write-offs
Exposure type	**$m**	**$m**	**$m**	**$m**	**$m**
IRB approach					
Corporate (including SME)	2,255	393	960	652	122
Sovereign	-	-	-	-	-
Bank	-	-	-	-	-
Residential mortgage	648	1,056	108	53	26
Qualifying revolving retail	-	62	-	90	89
Other retail	12	60	5	38	42
Other	-	-	-	-	-
Total IRB approach	**2,915**	**1,571**	**1,073**	**833**	**279**
Specialised lending (SL)	**150**	**16**	**52**	**46**	**-**
Standardised approach					
Australian and foreign governments	-	-	-	-	-
Banks	-	-	-	-	-
Residential mortgage	48	186	12	9	1
Corporate	750	229	118	217	190
Other	61	91	22	93	70
Total standardised approach	**859**	**506**	**152**	**319**	**261**
Total exposures	**3,924**	**2,093**	**1,277**	**1,198**	**540**

	Balance
	$m
General reserve for credit losses	2,870
Provision held on assets at fair value (2)	675
Collective provision	**3,545**

(1) *Past due facilities ≥ 90 days consist of well-secured assets that are more than 90 days past due and portfolio-managed facilities that are not well secured and between 90 and 180 days past due.*

(2) *The provisions held on assets at fair value at March 2009. This excludes $39m of specific credit risk adjustments for assets at fair value and includes a management overlay of $160 million that has been taken in respect of conduit related assets and derivative transactions to reflect the uncertainty created by the rapid deteriorating economic conditions and the impact of any consequent default.*

	As at 30 Sep 08			12 months ended 30 Sep 08	
	Impaired facilities	**Past due facilities ≥90 days**	**Specific provision balance**	**Charges for specific provision**	**Write-offs**
Exposure type	**$m**	**$m**	**$m**	**$m**	**$m**
IRB approach					
Corporate (including SME)	1,154	224	442	431	164
Sovereign	-	-	-	-	-
Bank	-	-	-	-	-
Residential mortgage	507	824	82	65	44
Qualifying revolving retail	2	48	-	160	168
Other retail	21	54	5	78	76
Other	-	-	-	-	-
Total IRB approach	**1,684**	**1,150**	**529**	**734**	**452**
Specialised lending (SL)	**21**	**-**	**6**	**-**	**4**
Standardised approach					
Australian and foreign governments	-	-	-	-	-
Banks	-	-	-	-	-
Residential mortgage	29	134	5	6	2
Corporate	379	138	86	305	244
Other	36	84	19	157	158
Total standardised approach	**444**	**356**	**110**	**468**	**404**
Total exposures	**2,149**	**1,506**	**645**	**1,202**	**860**

	Balance
	$m
General reserve for credit losses	2,318
Provision held on assets at fair value	331
Collective provision	**2,649**

Past due facilities ≥ 90 days

Levels of past due facilities ≥ 90 days increased across all business units in line with deteriorating economic conditions, while other retail asset classes have remained relatively stable since September 2008. In the Group's Australian banking operations, past due facilities ≥ 90 days levels were spread evenly across residential mortgages and Corporate asset classes with both the Group's UK and NZ banking operations experiencing larger increases due to the recessionary trading environment in those locations. The Group's UK banking operations saw an increase in the commercial and residential property sectors, although the level of residential mortgages past due facilities ≥ 90 days remains less than half the UK industry average.

Impaired facilities

Impaired facilities increased by $1,775 million from September 2008 with the rise in the Group's Australia banking operations occurring mainly in business lending, with a broad variety of industries affected as a result of the economic downturn. In the Group's UK banking operations, gross impaired facilities have increased although relative to its local peer banks the Group continues to perform well. Residential mortgage impairments for the Group's UK banking operations continue to remain low. Increases in impaired facility levels in the Group's NZ banking operations have been mainly confined to business lending within the property and agriculture sectors. Residential mortgage impairments have also increased, however off a low base. The deterioration in credit conditions has affected nabCapital with a small number of high profile impairments being experienced in a broad variety of industries located in Australia and the UK.

Charges for specific provisions

Charges for specific provisions for the half year to March 2009 was $1,198 million (excluding Asset Backed Securities 'ABS' CDOs), relating to a small number of corporate impairments and smaller provisions spread across the corporate and residential mortgage asset classes.

Write-Offs

Increases in net write offs were experienced in the Group's Australian and UK banking operations, with a small number of large write offs in corporate asset classes. The write-off rate for other retail facilities has increased slightly, while residential mortgage write-offs remain negligible.

Provisions by Industry [APS 330 Table 4f]

This table shows provisioning information by industry. The calculation of these balances is consistent with the corresponding disclosure requirements in Table 6e and 7b-c "Credit Risk Provisions". Totals do not include amounts relating to non-lending assets, equities or securitisation.

	As at 31 Mar 09			6 months ended 31 Mar 09	
	Impaired facilities	Past due facilities ≥90 days	Specific provision balance	Charges for specific provision	Write-offs
	$m	$m	$m	$m	$m
Industry sector					
Accommodation, cafes, pubs and restaurants	61	26	17	8	3
Agriculture, forestry, fishing and mining	314	52	55	35	2
Construction	341	62	59	71	78
Finance and insurance	377	27	224	181	2
Manufacturing	248	41	156	64	8
Personal	550	1,154	91	252	267
Property and business services	1,226	419	242	259	95
Retail and wholesale trade	240	69	121	125	53
Transport and storage	92	13	44	37	6
Other	475	230	268	166	26
Total	**3,924**	**2,093**	**1,277**	**1,198**	**540**

	As at 30 Sep 08			12 months ended 30 Sep 08	
	Impaired facilities	Past due facilities ≥90 days	Specific provision balance	Charges for specific provision	Write-offs
	$m	$m	$m	$m	$m
Industry sector					
Accommodation, cafes, pubs and restaurants	64	23	11	31	7
Agriculture, forestry, fishing and mining	145	30	26	27	16
Construction	300	42	57	80	27
Finance and insurance	140	23	49	130	103
Manufacturing	168	19	101	80	76
Personal	512	1,062	73	458	409
Property and business services	426	225	86	165	119
Retail and wholesale trade	137	32	56	90	56
Transport and storage	49	13	15	14	10
Other	208	37	171	127	37
Total	**2,149**	**1,506**	**645**	**1,202**	**860**

Provisions by Geographic Region [APS 330 Table 4g]

	As at 31 Mar 09				As at 30 Sep 08			
	Impaired facilities	Past due facilities ≥90 days	Specific provision balance [(3)]	General reserve for credit losses [(3)]	Impaired facilities	Past due facilities ≥90 days	Specific provision balance	General reserve for credit losses
	$m	$m	$m	$m	$m	$m	$m	$m
Geographic region								
Australia [(1)]	2,316	1,464	927	1,871	1,348	1,079	438	1,459
United Kingdom	1,221	498	242	793	613	346	145	678
New Zealand	313	126	91	124	141	79	49	114
Other [(2)]	74	5	17	82	47	2	13	67
Total	**3,924**	**2,093**	**1,277**	**2,870**	**2,149**	**1,506**	**645**	**2,318**

(1) *The Australian geography contains a central bad and doubtful debt provision against the current uncertain global environment.*

(2) *'Other' comprises United States and Asia.*

(3) *Excludes provisions on assets held at fair value.*

Reconciliations of Provisions [APS 330 Table 4h]

This table discloses the reconciliation of changes in provisions. It shows movements in the balance of provisions over the reporting period for both specific and collective provisions. Totals do not include amounts relating to non-lending assets, equities or securitisation exposures. The total provision for doubtful debts does not include provisions held on assets for fair value.

	6 months ended 31 Mar 09 $m	12 months ended 30 Sep 08 $m
General reserve for credit losses		
Balance at start of period	2,318	1,800
Total charge to income statement for impairment loss	1,804	1,692
Net transfer to specific provision	(1,198)	(1,202)
Recoveries	-	-
Balances written off	-	-
Acquisition of controlled entities	-	36
Foreign currency translation and other adjustments	(54)	(8)
Total general reserve for credit losses	**2,870**	**2,318**
Specific provisions		
Balance at start of period	645	307
Net transfer from general reserve for credit losses	1,198	1,202
Bad debts recovered	90	192
Bad debts written off	(630)	(1,052)
Acquisition of controlled entities	(2)	5
Foreign currency translation and other adjustments	(24)	(9)
Total specific provision	**1,277**	**645**
Total provisions	**4,147**	**2,963**

Disclosures of Standardised Credit Risk Portfolios and Supervisory Slotting

Standardised Credit Risk Exposures by Risk Category [APS 330 Table 5b]

The following table shows the credit exposure before and after risk mitigation amount in each risk category, subject to the standardised approach. For the purposes of this disclosure, an ADI's outstandings represent its exposure (drawn balances plus EaD on undrawn) after risk mitigation.

	As at 31 Mar 09		As at 30 Sep 08	
	Credit exposure before risk mitigation $m	Credit exposure after risk mitigation $m	Credit exposure before risk mitigation $m	Credit exposure after risk mitigation $m
Standardised approach – risk weights				
0%	26,731	24,924	25,114	17,580
20%	6,600	6,440	8,936	5,375
35%	15,973	15,935	21,387	21,351
50%	4,730	3,648	3,847	3,844
75%	3,433	3,430	2,334	2,334
100%	61,671	56,733	58,232	54,424
150%	1,372	1,362	1,234	1,233
625%	-	-	-	-
937.5%	-	-	-	-
1250%	-	-	-	-
Capital deductions	-	-	-	-
Total standardised approach (EaD) (1)	**120,510**	**112,472**	**121,084**	**106,141**

(1) *Exposures are reported net of any specific provision.*

Supervisory Slotted Credit Risk Exposures and Equity Exposures by Risk Bucket [APS 330 Table 5b]

The following table shows the credit exposure after risk mitigation amount in each risk bucket, subject to the supervisory risk weights in IRB (any Specialised Lending products subject to supervisory slotting), where the aggregate exposure in each risk bucket is disclosed. For the purposes of this disclosure, an ADI's outstandings represents its exposure (drawn balances plus a credit conversion factor on undrawn balances) after risk mitigation.

	As at	
	31 Mar 09	30 Sep 08
	Exposure after risk mitigation $m	Exposure after risk mitigation $m
IRB supervisory slotting – unexpected loss risk weights		
0%	701	29
70%	11,278	7,108
90%	8,438	6,588
115%	4,823	3,270
250%	225	4
Total IRB supervisory slotting (EaD)	**25,465**	**16,999**
IRB equity exposure – risk weights		
300% (1)	18	45
400% (2)	194	131
Total IRB equity exposure (EaD)	**212**	**176**

(1) *Relates to exposures that fall within 'equity' IRB asset class that are not deducted from capital and are listed on a recognised exchange.*

(2) *Relates to exposures that fall within 'equity' IRB asset class that are not deducted from capital and are not listed on a recognised exchange.*

Disclosures for Internal Rating Based Portfolios

Portfolios Subject to IRB Approach

Exposure by Risk Grade – Non-Retail [APS 330 Table 6d (i)]

This table provides a break down of gross non-retail (business) credit exposures by PD risk grade for on- and off-balance sheet combined, categorised into bands that broadly correspond to externally recognised risk grades. Moody's risk grades have been included as a reference point. Exposures have been categorised into PD grades as assessed by the Group's own internal ratings system and exclude non-lending assets, equities, securitisation and specialised lending.

	As at 31 Mar 09						
	PD risk grade mapping						
External credit rating equivalent	**Aa3 and above**	**A1, A2, A3**	**Baa1, Baa2, Baa3**	**Ba1, Ba2, Ba3**	**B1, B2**	**B2 and below**	**Default**
	0<0.03%	**0.03<0.15%**	**0.15<0.5%**	**0.5<3.0%**	**3.0<10.0%**	**10.0<100%**	**100%**
IRB approach	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Total exposure [(1)]							
Corporate	2,267	34,829	48,536	97,994	33,259	2,491	4,364
Sovereign	-	-	-	-	-	-	-
Bank	34,958	29,912	3,251	257	-	1	5
Total exposures (EaD)	**37,225**	**64,741**	**51,787**	**98,251**	**33,259**	**2,492**	**4,369**
Undrawn commitments							
Corporate	344	11,190	11,243	15,168	4,074	234	370
Sovereign	-	-	-	-	-	-	-
Bank	810	1,037	27	11	-	1	-
Total undrawn commitments [(2)]	**1,154**	**12,227**	**11,270**	**15,179**	**4,074**	**235**	**370**

IRB approach							
Exposure weighted average EaD ($m) [(3)]							
Corporate	1.83	0.82	0.23	0.18	0.15	0.17	0.19
Sovereign	-	-	-	-	-	-	-
Bank	2.41	1.80	1.37	0.59	-	0.48	0.03
Exposure weighted average LGD (%)							
Corporate	37.7%	45.9%	39.5%	35.4%	35.4%	46.8%	47.2%
Sovereign	-	-	-	-	-	-	-
Bank	36.6%	28.0%	20.5%	42.3%	-	61.0%	56.7%
Exposure weighted average risk weight (%)							
Corporate	11.8%	27.7%	45.0%	73.8%	103.7%	237.5%	264.4%
Sovereign	-	-	-	-	-	-	-
Bank	8.1%	9.5%	18.2%	97.7%	-	330.8%	740.4%

(1) *Gross credit exposures are defined in Table 4b (i), "Total Gross Credit Exposures", on page 10 of this report.*

(2) *Total undrawn commitments are included in the calculation of Total Exposures (EaD) shown above.*

(3) *Simple average of exposure by number of arrangements*

	As at 30 Sep 08						
	PD risk grade mapping						
External credit rating equivalent	Aa3 and above	A1, A2, A3	Baa1, Baa2, Baa3	Ba1, Ba2, Ba3	B1, B2	B2 and below	Default
	0<0.03%	0.03<0.15%	0.15<0.5%	0.5<3.0%	3.0<10.0%	10.0<100%	100%
IRB approach	$m	$m	$m	$m	$m	$m	$m
Total exposure							
Corporate	4,380	39,259	57,530	92,495	30,157	1,479	2,645
Sovereign	-	-	-	-	-	-	-
Bank	80,792	13,573	1,997	618	-	1	2
Total exposures (EaD)	**85,172**	**52,832**	**59,527**	**93,113**	**30,157**	**1,480**	**2,647**
Undrawn commitments							
Corporate	717	12,664	13,878	14,474	4,042	109	218
Sovereign	-	-	-	-	-	-	-
Bank	1,877	919	-	30	-	-	-
Total undrawn commitments	**2,594**	**13,583**	**13,878**	**14,504**	**4,042**	**109**	**218**

IRB approach							
Exposure weighted average EaD ($m)							
Corporate	2.48	0.89	0.27	0.17	0.13	0.20	0.15
Sovereign	-	-	-	-	-	-	-
Bank	3.09	3.07	1.59	1.51	-	0.48	0.01
Exposure weighted average LGD(%)							
Corporate	38.4%	49.2%	42.5%	35.3%	34.1%	44.4%	49.6%
Sovereign	-	-	-	-	-	-	-
Bank	38.8%	40.8%	43.3%	51.2%	-	61.0%	39.0%
Exposure weighted average risk weight (%)							
Corporate	11.8%	29.5%	48.6%	74.0%	98.1%	229.3%	299.2%
Sovereign	-	-	-	-	-	-	-
Bank	9.6%	14.3%	53.0%	117.1%	-	330.8%	461.4%

Exposure by Risk Grade – Retail [APS 330 Table 6d (ii)]

This table provides a break down of gross retail (personal) credit exposures by PD risk grade, categorised into bands that broadly correspond to externally recognised risk grades, ranging from Super Senior Investment Grade to Defaulted exposures. Exposures exclude non-lending assets, equities and securitisation.

	As at 31 Mar 09						
	PD risk grade mapping						
	0<0.1%	0.1<0.3%	0.3<0.5%	0.5<3.0%	3.0<10.0%	10.0<100%	100%
IRB approach	$m	$m	$m	$m	$m	$m	$m
Total exposure [(1)]							
Residential mortgage	32,057	54,202	29,929	69,266	11,042	2,915	1,951
Qualifying revolving retail	2,985	2,876	1,060	2,652	1,547	415	61
Other retail	131	437	156	922	961	315	90
Total exposures (EaD)	**35,173**	**57,515**	**31,145**	**72,840**	**13,550**	**3,645**	**2,102**
Undrawn commitments							
Residential mortgage	11,083	9,226	3,324	6,304	117	33	4
Qualifying revolving retail	2,317	1,826	634	734	193	27	1
Other retail	125	124	37	102	63	34	-
Total undrawn commitments [(2)]	**13,525**	**11,176**	**3,995**	**7,140**	**373**	**94**	**5**

IRB approach							
Exposure weighted average EaD ($m)							
Residential mortgage	0.04	0.18	0.18	0.30	0.26	0.26	0.19
Qualifying revolving retail	small	0.01	0.01	0.01	0.01	0.01	0.01
Other retail	small	0.01	0.01	0.01	0.01	small	0.01
Exposure weighted average LGD (%)							
Residential mortgage	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Qualifying revolving retail	83.8%	83.9%	84.2%	85.8%	86.7%	87.0%	88.1%
Other retail	53.8%	74.4%	76.7%	76.5%	76.1%	71.4%	67.6%
Exposure weighted average risk weight (%)							
Residential mortgage	3.5%	7.8%	14.8%	29.8%	66.6%	104.4%	185.1%
Qualifying revolving retail	3.8%	8.2%	17.9%	41.4%	115.4%	230.1%	379.5%
Other retail	9.3%	27.5%	53.5%	90.6%	119.9%	162.3%	307.1%

(1) *Gross credit exposures are defined in Table 4b (i), "Total Gross Credit Exposures", on page 10 of this report.*

(2) *Total undrawn commitments are included in the calculation of Total Exposures (EaD) shown above.*

	As at 30 Sep 08						
	PD risk grade mapping						
	0<0.1%	0.1<0.3%	0.3<0.5%	0.5<3.0%	3.0<10.0%	10.0<100%	100%
IRB approach	$m	$m	$m	$m	$m	$m	$m
Total exposure							
Residential mortgage	29,352	53,026	30,670	68,542	11,546	2,826	1,742
Qualifying revolving retail	2,765	3,008	1,141	2,608	1,559	369	65
Other retail	130	434	155	890	942	321	79
Total exposures (EaD)	**32,247**	**56,468**	**31,966**	**72,040**	**14,047**	**3,516**	**1,886**
Undrawn commitments							
Residential mortgage	10,546	9,078	3,484	5,873	111	24	6
Qualifying revolving retail	2,133	1,903	676	727	195	24	1
Other retail	124	124	35	99	60	35	-
Total undrawn commitments	**12,803**	**11,105**	**4,195**	**6,699**	**366**	**83**	**7**

IRB approach							
Exposure weighted average EaD ($m)							
Residential mortgage	0.03	0.17	0.18	0.29	0.26	0.25	0.20
Qualifying revolving retail	small	0.01	0.01	0.01	0.01	0.01	0.01
Other retail	small	0.01	0.01	0.01	0.01	small	0.01
Exposure weighted average LGD (%)							
Residential mortgage	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Qualifying revolving retail	83.9%	83.8%	84.2%	85.6%	86.6%	86.8%	88.0%
Other retail	54.0%	74.3%	76.4%	76.3%	76.2%	71.7%	65.0%
Exposure weighted average risk weight (%)							
Residential mortgage	3.5%	7.8%	14.8%	30.8%	66.7%	106.5%	196.3%
Qualifying revolving retail	3.8%	8.1%	17.9%	41.0%	113.7%	228.3%	462.4%
Other retail	9.3%	27.7%	53.5%	91.1%	120.2%	161.6%	364.4%

Credit Risk Mitigation

Credit Risk Mitigation [APS 330 Table 7b – c]

This table discloses the total credit exposures which are covered by the credit risk mitigants relating to each portfolio. Exposures exclude non-lending assets, equities and securitisation.

	As at 31 Mar 09				
	Total exposure	of which is covered by eligible financial collateral (1)	of which is covered by other eligible collateral	of which is covered by guarantees	of which is covered by credit derivatives
	$m	$m	$m	$m	$m
IRB approach					
Corporate (including SME)	223,740	10,535	122,283	20,310	604
Sovereign	-	-	-	-	-
Bank	68,384	30,325	210	871	2,051
Residential mortgage	201,362	-	201,362	-	-
Qualifying revolving retail	11,596	-	-	-	-
Other retail	3,012	-	-	-	-
Other	-	-	-	-	-
Total IRB approach (EaD) (2)	**508,094**	**40,860**	**323,855**	**21,181**	**2,655**
Specialised lending (SL)	**26,605**	**1,140**	**-**	**-**	**-**
Standardised approach					
Australian and foreign governments	21,808	4,498	-	-	-
Banks	15,293	1,842	-	451	-
Residential mortgage	33,259	103	33,155	-	-
Corporate	39,846	1,562	-	-	-
Other	10,304	33	-	-	-
Total standardised approach (EaD)	**120,510**	**8,038**	**33,155**	**451**	**-**
Total exposures (EaD)	**655,209**	**50,038**	**357,010**	**21,632**	**2,655**

(1) *Eligible financial collateral, when used to reduced levels of exposure, refers to cash and cash equivalents as defined in APS 112.*

(2) *Exposures covered by eligible financial collateral and eligible IRB collateral are measured after the application of regulatory haircuts.*

	As at 30 Sep 08				
	Total exposure	of which is covered by eligible financial collateral	of which is covered by other eligible collateral	of which is covered by guarantees	of which is covered by credit derivatives
	$m	$m	$m	$m	$m
IRB approach					
Corporate (including SME)	227,945	8,213	119,223	22,219	698
Sovereign	-	-	-	-	-
Bank	96,983	32,169	773	2,581	4,580
Residential mortgage	197,704	-	197,704	-	-
Qualifying revolving retail	11,515	-	-	-	-
Other retail	2,951	-	-	-	-
Other	-	-	-	-	-
Total IRB approach (EaD)	**537,098**	**40,382**	**317,700**	**24,800**	**5,278**
Specialised lending (SL)	**17,074**	**75**	**-**	**-**	**-**
Standardised approach					
Australian and foreign governments	6,608	940	-	-	-
Banks	25,068	11,023	-	501	-
Residential mortgage	34,432	74	34,358	-	-
Corporate	45,458	2,906	-	-	-
Other	9,518	-	-	-	-
Total standardised approach (EaD)	**121,084**	**14,943**	**34,358**	**501**	**-**
Total exposures (EaD)	**675,256**	**55,400**	**352,058**	**25,301**	**5,278**

Securitisation Exposures

The tables 'Traditional Securitisations', 'Synthetic Securitisations' and 'Total Originating ADI Securitisation Exposures' are broken down by the type of asset within the securitisation SPV and provide the Group's exposures to those securitisations. These tables do not provide Group assets that have been sold to securitisations.

Total Originating ADI Securitisation Exposures [APS 330 Table 9d]

This table is the sum of tables 'Traditional Securitisations' and 'Synthetic Securitisation' on the following pages. It sets out the amounts of facilities and provides an indication of the relative extent to which the Group has exposure.

	As at 31 Mar 09			
	Total outstanding exposures			
	Directly originated assets	Indirectly originated assets	Facilities provided	Other (manager services)
	$m	$m	$m	$m
Underlying asset				
Residential mortgage	67	-	8,954	-
Credit cards and other personal loans	-	-	457	
Auto and equipment finance	-	-	2,402	-
CDOs/CLOs	627	-	4,126	-
Commercial loans	-	-	139	-
Commercial mortgages	-	-	909	-
Corporate bonds	-	-	1,223	-
Other	-	-	3,634	-
Total underlying asset	**694**	**-**	**21,844**	**-**

	As at 30 Sep 08			
	Total outstanding exposures			
	Directly originated assets	Indirectly originated assets	Facilities provided	Other (manager services)
	$m	$m	$m	$m
Underlying asset				
Residential mortgage	237	-	9,846	-
Credit cards and other personal loans	-	-	574	-
Auto and equipment finance	-	-	2,954	-
CDOs/CLOs	537	-	3,773	-
Commercial loans	-	-	113	-
Commercial mortgages	-	-	1,574	-
Corporate bonds	-	-	1,232	-
Other	-	-	4,147	-
Total underlying asset	**774**	**-**	**24,213**	**-**

Traditional Securitisations – Originating ADI Securitisation Exposures [APS 330 Table 9d]

Traditional Securitisations are those in which the pool of assets is assigned to an SPV, usually by a sale. The table below sets out the amounts of facilities and provides an indication of the relative extent to which the Group has exposure.

	As at 31 Mar 09			
	Total outstanding exposures			
	Directly originated assets	Indirectly originated assets	Facilities provided	Other (manager services)
	$m	$m	$m	$m
Underlying asset				
Residential mortgage	67	-	8,954	-
Credit cards and other personal loans	-	-	457	-
Auto and equipment finance	-	-	2,402	-
CDOs/CLOs	-	-	2,875	-
Commercial loans	-	-	139	-
Commercial mortgages	-	-	909	-
Corporate bonds	-	-	1,223	-
Other	-	-	2,891	-
Total underlying asset	**67**	**-**	**19,850**	**-**

	As at 30 Sep 08			
	Total outstanding exposures			
	Directly originated assets	Indirectly originated assets	Facilities provided	Other (manager services)
	$m	$m	$m	$m
Underlying asset				
Residential mortgage	237	-	9,846	-
Credit cards and other personal loans	-	-	574	-
Auto and equipment finance	-	-	2,954	-
CDOs/CLOs	-	-	1,864	-
Commercial loans	-	-	113	-
Commercial mortgages	-	-	1,574	-
Corporate bonds	-	-	1,232	-
Other	-	-	3,059	-
Total underlying asset	**237**	**-**	**21,216**	**-**

Synthetic Securitisations – Originating ADI Securitisation Exposures [APS 330 Table 9d]

Synthetic Securitisations are those in which the risk of the pool of assets is transferred to an SPV through a derivative, usually a credit default swap.

	As at 31 Mar 09			
	Total outstanding exposures			
	Directly originated assets $m	Indirectly originated assets $m	Facilities provided $m	Other (manager services) $m
Underlying asset				
Residential mortgage	-	-	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
CDOs/CLOs	627	-	1,251	-
Commercial loans	-	-	-	-
Commercial mortgages	-	-	-	-
Corporate bonds	-	-	-	-
Other	-	-	743	-
Total underlying asset	**627**	**-**	**1,994**	**-**

	As at 30 Sep 08			
	Total outstanding exposures			
	Directly originated assets $m	Indirectly originated assets $m	Facilities provided $m	Other (manager services) $m
Underlying asset				
Residential mortgage	-	-	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
CDOs/CLOs	537	-	1,909	-
Commercial loans	-	-	-	-
Commercial mortgages	-	-	-	-
Corporate bonds	-	-	-	-
Other	-	-	1,088	-
Total underlying asset	**537**	**-**	**2,997**	**-**

Securitisation by Type of Exposure [APS 330 Table 9f]

The table below breaks down the securitisation exposures by type of facility, as defined in APS 120. The Group holds securities issued by securitisation SPVs as part of its trading book and banking book.

	As at	
	31 Mar 09 $m	30 Sep 08 $m
Securitisation exposure type		
Liquidity facilities	17,668	21,171
Funding facilities	4,481	3,404
Underwriting facilities	-	-
Lending facilities	-	-
Credit enhancements	389	412
Derivative transactions	864	218
Securities	410	726
Other	-	-
Total securitisation exposures	**23,812**	**25,931**

New Facilities Provided [APS 330 Table 9j (ii)]

The table below shows new facilities provided in the last 6 months.

	6 months ended 31 Mar 09	6 months ended 30 Sep 08
	Notional amount of facilities provided	
	$m	$m
Securitisation exposure type		
Liquidity facilities	3	2,052
Funding facilities	-	22
Underwriting facilities	-	-
Lending facilities	-	-
Credit enhancements	-	199
Derivative transactions	-	-
Securities	-	-
Other	-	-
Total new facilities provided	**3**	**2,273**

Risk Weight [APS 330 Table 9g (i) & 9i]

This table shows the risk weights for securitisation exposures as calculated under APS 120, predominately using the Internal Assessment Approach.

	As at 31 Mar 09		As at 30 Sep 08	
	Exposure $m	RWA $m	Exposure $m	RWA $m
Risk weight bands [1]				
≤10%	-	-	-	-
> 10% ≤ 25%	16,706	2,197	19,702	2,580
> 25% ≤ 35%	977	342	3,608	1,263
> 35% ≤ 50%	640	320	664	332
> 50% ≤ 75%	536	389	147	93
> 75% ≤ 100%	2,311	2,311	-	-
> 100% ≤ 650%	920	2,301	448	1,715
Deductions	448	-	418	-
Total securitisation exposures	**22,538**	**7,860**	**24,987**	**5,983**

(1) *APRA outlined accreditation requirements for the APS 120 portfolio in March 2009. These will apply in the period post 31 March 2009, and provide for the application of standardised; ratings based: and internal assessment approach to the different asset classes comprising the APS 120 portfolio. We are currently assessing the risk weighted asset impact for the portfolio, which entails a review of individual facilities. The bank is concurrently reviewing actions to amend transaction structures to offset the modelled RWA impact. The June disclosure will provide an update on our position.*

APRA also outlined in April 2009, its expectations on the appropriate provisioning methodology for the conduit asset portfolio, for regulatory capital purposes. APRA has indicated that it considers an appropriate provisioning methodology for regulatory capital purposes should take into account additional factors to internal credit risk ratings: including market values; scenario-based losses; and default and loss experience on similar instruments, published by ratings agencies. The Group is currently working with APRA on application of the provisioning methodology to be applied to it for regulatory capital purposes.

Securitisation Exposures Deducted from Capital [APS 330 Table 9g (ii)]

The table below shows securitisation exposures which have been deducted from capital, divided into those that relate to securitisations of Group assets and other securitisations.

	As at 31 Mar 09						
	Deductions relating to ADI-originated assets securitised					Deductions relating to other securitisation exposures	Total
	Residential mortgage	Credit cards and other personal loans	Auto and equipment finance	Commercial loans	Other		
	$m	$m	$m	$m	$m	$m	$m
Securitisation exposures deducted from capital (1)							
Deductions from Tier 1 capital	54	-	-	70	-	104	228
Deductions from Tier 2 capital	46	-	-	70	-	104	220
Total securitisation exposures deducted from capital	**100**	**-**	**-**	**140**	**-**	**208**	**448**

(1) *These exposures fall into three categories:*
- *Exposures which have an internal rating below an equivalent Standard & Poor's rating of BB- or are unrated (deducted 50/50 from Tier 1 and Tier 2 capital).*
- *First loss facilities (deducted 50/50 from Tier 1 and Tier 2 capital).*
- *Capitalised securitisation start up costs (deducted from Tier 1 capital).*

All exposures are net of specific provisions that have been made.

	As at 30 Sep 08						
	Deductions relating to ADI-originated assets securitised					Deductions relating to other securitisation exposures	Total
	Residential mortgage	Credit cards and other personal loans	Auto and equipment finance	Commercial loans	Other		
	$m	$m	$m	$m	$m	$m	$m
Securitisation exposures deducted from capital							
Deductions from Tier 1 capital	60	-	-	57	-	97	214
Deductions from Tier 2 capital	50	-	-	57	-	97	204
Total securitisation exposures deducted from capital	**110**	**-**	**-**	**114**	**-**	**194**	**418**

The Group's Securitised Assets

This section provides information about assets that the Group has securitised. The Group may or may not retain an exposure to securitisation SPVs to which the Group has sold assets. As such, the information in this section is not related to the information in the previous section "Securitisation Exposures".

Assets Securitised by the Group [APS 330 Table 9e]

This table shows the classes of assets that have been securitised by the Group.

	As at 31 Mar 09				
	Total outstanding exposures securitised assets originated by ADI		Impaired assets relating to exposures securitised	Total past due assets from exposures securitised	ADI recognised loss from exposures securitised
	Traditional	Synthetic			
	$m	$m	$m	$m	$m
Underlying asset [(1)]					
Residential mortgage	7,766	-	43	81	-
Credit cards	-	-	-	-	-
Auto and equipment finance	33	-	-	-	-
Commercial loans	-	3,727	-	-	-
Other	-	-	-	-	-
Total underlying asset	**7,799**	**3,727**	**43**	**81**	**-**

(1) *The definition of impaired and past due assets are consistent with the definition provided under Table 6e & 17b Credit Risk Provisions.*

This section does not include information about the residential mortgage backed security ("RMBS") transaction the Group has undertaken for liquidity purposes and which is held on the balance sheet. The amount of the securitised assets for this transaction stands at $22,698 million as at 31 March 2009.

	As at 30 Sep 08				
	Total outstanding exposures securitised assets originated by ADI		Impaired assets relating to exposures securitised	Total past due assets from exposures securitised	ADI recognised loss from exposures securitised
	Traditional	Synthetic			
	$m	$m	$m	$m	$m
Underlying asset					
Residential mortgage	9,182	-	15	3	-
Credit cards	-	-	-	-	-
Auto and equipment finance	63	-	-	-	-
Commercial loans	-	3,566	-	-	-
Other	-	-	-	-	-
Total underlying asset	**9,245**	**3,566**	**15**	**3**	**-**

Recent Securitisation Activity [APS 330 Table 9j (i)]

This table shows the amount of assets sold by the Group to securitisation SPVs in the last six months and any gain or loss on sale.

	6 months ended 31 Mar 09			6 months ended 30 Sep 08		
	Amount securitised during period directly originated	Amount securitised during period indirectly originated	Recognised gain or loss on sale	Amount securitised during period directly originated	Amount securitised during period indirectly originated	Recognised gain or loss on sale
	$m	$m	$m	$m	$m	$m
Underlying asset						
Residential mortgage	-	-	-	783	-	-
Credit cards	-	-	-	-	-	-
Auto and equipment finance	-	-	-	-	-	-
Commercial loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total underlying asset	**-**	**-**	**-**	**783**	**-**	**-**

Securitisation Subject to Early Amortisation [APS 330 Table 9h]

Attachment G of APS 120 provides for specific regulatory treatment for securitisations of certain types of assets. None of these securitisations has been undertaken by the Group.

	As at 31 Mar 09					
	Aggregate drawn exposure attributed to:		Aggregate IRB capital charge against ADI's retained shares from:		Aggregate IRB capital charge against the ADI from investor's shares of:	
	Seller interest $m	Investor interest $m	Drawn balances $m	Undrawn lines $m	Drawn balances $m	Undrawn lines $m
Recent securitisation activity						
Residential mortgage	-	-	-	-	-	-
Commercial mortgage	-	-	-	-	-	-
Auto and equipment finance	-	-	-	-	-	-
Commercial loans	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
CDOs	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total recent securitisation activity	**-**	**-**	**-**	**-**	**-**	**-**

	As at 30 Sep 08					
	Aggregate drawn exposure attributed to:		Aggregate IRB capital charge against ADI's retained shares from:		Aggregate IRB capital charge against the ADI from investor's shares of:	
	Seller interest $m	Investor interest $m	Drawn balances $m	Undrawn lines $m	Drawn balances $m	Undrawn lines $m
Recent securitisation activity						
Residential mortgage	-	-	-	-	-	-
Commercial mortgage	-	-	-	-	-	-
Auto and equipment finance	-	-	-	-	-	-
Commercial loans	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
CDOs	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total recent securitisation activity	**-**	**-**	**-**	**-**	**-**	**-**

Market Risk

Market Risk – Total Risk Weighted Assets

	As at	
	31 Mar 09	**30 Sep 08**
	$m	**$m**
Market risk		
Standard method approach	3,184	3,431
Internal model approach	1,937	1,657
Total market risk RWA	**5,121**	**5,088**
% of total Group (level 2) RWA	**1.5%**	1.5%

Market Risk – Standard Method [APS 330 Table 10b]

	As at	
	31 Mar 09	**30 Sep 08**
	$m	**$m**
Risk weighted assets		
Interest rate risk	2,660	2,833
Equity position risk	1	-
Foreign exchange risk	196	-
Commodity risk	327	598
Total risk weighted assets - standardised (1)	**3,184**	**3,431**

(1) *The following products are currently covered by the standardised approach: commodities, equities, ratchet swaps, CPI products, carbon trading, and specific market risk capital for all applicable products.*

Market Risk – Internal Models Approach [APS 330 Table 11d]

The following table provides information on the high, medium and low value at risk ("VaR") over the reporting period and period end.

	6 months ended 31 Mar 09			As at
	Mean value	**Minimum value**	**Maximum value**	**31 Mar 09**
	$m	**$m**	**$m**	**$m**
Value at risk at a 99% confidence level (1)				
Foreign exchange risk	3	1	6	3
Interest rate risk	10	1	15	13
Volatility risk	4	3	6	3
Commodities risk	-	-	-	-
Credit risk	11	7	16	9
Inflation risk	-	-	-	-
Diversification benefit	(12)	(1)	(23)	(12)
Total value at risk for physical and derivative position	**16**	**11**	**20**	**16**

(1) *Value at risk is measured individually for foreign exchange risk, interest rate risk, volatility risk, commodities risk, credit risk and inflation risk. The individual risk categories do not sum up to the total risk number due to diversification benefits. Risk limits are applied in these categories separately and against the total risk position.*

	6 months ended 30 Sep 08			As at
	Mean value	**Minimum value**	**Maximum value**	**30 Sep 08**
	$m	**$m**	**$m**	**$m**
Value at risk at a 99% confidence level				
Foreign exchange risk (2)	3	1	7	2
Interest rate risk	8	5	10	10
Volatility risk	1	1	3	3
Commodities risk	-	-	-	-
Credit risk	10	8	13	9
Inflation risk	-	-	-	-
Diversification benefit	(8)	(4)	(16)	(10)
Total value at risk for physical and derivative position	**14**	**11**	**17**	**14**

(2) *The value at risk numbers detailed in the table above relate to traded market risk and do not include a foreign exchange exposure that occurred in the banking book in September 2008 arising from the default of a counterparty to certain derivatives contracts. The anticipated non-performance of existing Group funding related transactions with this counterparty necessitated the prompt re-hedging of the market risk pertaining to these transactions. The re-hedging was completed within 24hrs of the exposure being created, thus returning foreign exchange exposures to normal levels.*

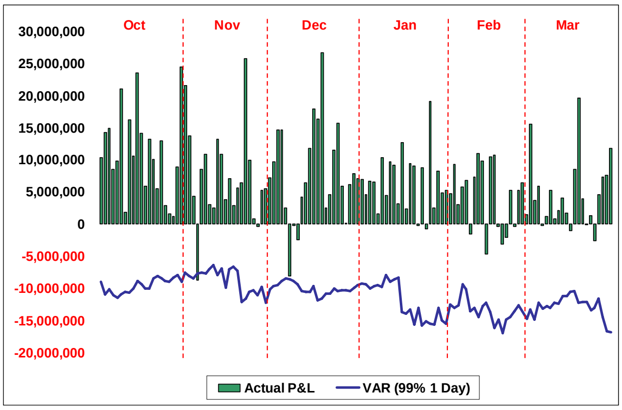
Market Risk

Backtesting Results [APS 330 Table 11d] (1)

Comparison of value at risk estimates to actual gains/losses	6 months ended 31 Mar 09	6 months ended 30 Sep 08
Number of "outliers" incurred for the trading portfolio	1	1

(1) *VaR estimates are backtested for reasonableness on a daily basis. The following graph compares the Group's daily VaR estimates against actual profit and loss.*

6 months ended 31 Mar 09

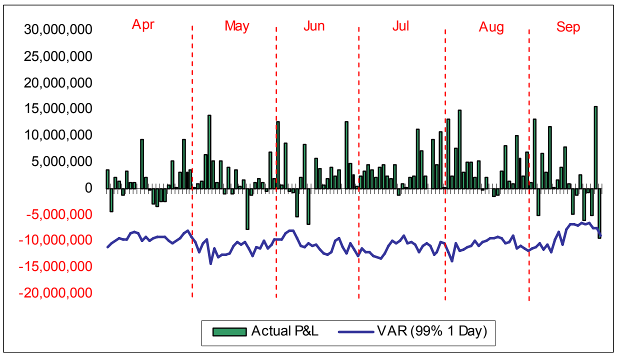


(1) *Based on actual P&L.*

Backtesting Outlier Commentary

Backtesting, carried out by comparing the Group's daily VaR estimate against actual P&L numbers, showed 1 exception during the six month period to 31 March 2009. This is well within the acceptable model parameters and indicates acceptable operation of the VaR model within APRA Guidelines.

6 months ended 30 Sep 08



Operational Risk

Operational Risk – Total Risk Weighted Assets

	As at 31 Mar 09 $m	As at 30 Sep 08 $m
Operational risk		
Standardised approach	4,671	4,483
Advanced measurement approach	19,665	19,166
Total operational risk RWA	**24,336**	**23,649**
% of total Group (level 2) RWA	6.9%	**6.9%**

Non-Traded Market Risk

Equities Banking Book Position

Equities [APS 330 Tables 13b – c]

This table provides the value of investments disclosed in the balance sheet, as well as the fair value of those investments.

	As at 31 Mar 09		As at 30 Sep 08	
	Carrying value [(1)]	Fair value [(2)]	Carrying value	Fair value
	$m	$m	$m	$m
Total listed equities (publicly traded)	18	18	45	45
Total unlisted equities	194	197	131	138

(1) *Carrying value as recorded in the Statement of Financial Position, in accordance with accounting standards.*

(2) *The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, fair value is established by using a valuation technique.*

Gains and Losses on Equity Investments [APS 330 Tables 13d – e]

This table provides the realised (actual) gains/losses arising from sales and liquidations in the reporting period recognised through the profit and loss account. Unrealised (expected) gains/losses included in Tier 1 and Tier 2 capital are gains/losses recognised in the balance sheet but not through the profit and loss account.

	6 months ended	
	31 Mar 09	30 Sep 08
	$m	$m
Gains (losses) on equity investments		
Cumulative realised gains (losses) in reporting period [(1)]	8	(7)
Total unrealised gains (losses) [(2)]	3	30
Total unrealised gains (losses) included in Tier 1/ Tier 2 capital	8	13

(1) *Recognised through profit and loss according to accounting standards.*

(2) *Recognised in balance sheet but not through profit and loss.*

Risk Weighted Assets by Equity Asset Class [APS 330 Tables 13f]

This table shows RWAs by equity asset class. Equity investments subject to a 300 per cent risk-weight are those exposures that fall within the equity IRB asset class that are not deducted from capital and that are listed on a recognised exchange. Equity investments subject to a 400 per cent risk-weight are those exposures that fall within the equity IRB asset class that are not deducted from capital and that are not listed on a recognised exchange.

	As at	
	31 Mar 09	30 Sep 08
	$m	$m
Risk weighted assets		
Equities subject to 300% RW [(1)]	53	134
Equities subject to 400% RW [(2)]	778	523
Total risk weighted assets	831	657

(1) *Applies to exposures that fall within equity IRB asset class that are not deducted from capital and are listed on a recognised exchange.*

(2) *Applies to exposures that fall within equity IRB asset class that are not deducted from capital and are not listed on a recognised exchange.*

Equity Investments Subject to Grandfathering Provision [APS 330 Tables 13f]

The Group does not have any equity investments that are subject to grandfathering provisions.

	As at	
	31 Mar 09	30 Sep 08
	$m	$m
Total equity investments	0	0

Interest Rate Risk in the Banking Book

Interest Rate Risk in the Banking Book [APS 330 Table 14b]

This table provides the increase or decrease in earnings or economic value for upward and downward rate shocks broken down by currency.

	As at 31 Mar 09		As at 30 Sep 08	
	200 bp parallel increase	200 bp parallel decrease	200 bp parallel increase	200 bp parallel decrease
	$m	$m	$m	$m
Change in economic value [(1)]				
AUD	(98)	105	(215)	217
CAD	-	-	-	-
CHF	-	-	-	-
EUR	-	-	-	-
GBP	(75)	80	(58)	68
HKD	-	-	-	-
JPY	-	-	-	-
NZD	(92)	101	(26)	27
SGD	-	-	-	-
USD	-	-	2	(2)
Other	-	-	-	-
Total change in economic value	**(265)**	**286**	**(297)**	**310**

(1) *The Group's ten major currencies are modelled on an individual basis. The remaining immaterial currencies are aggregated and modelled using a single yield curve. The 200bp interest rate shock results include earnings offset.*

Interest Rate Risk in the Banking Book – Total Risk Weighted Assets

	As at	
	31 Mar 09	30 Sep 08
	$m	$m
IRRBB risk weighted assets	1,300	4,643
% of total Group (level 2) RWA	0.4%	1.3%

All components of IRRBB regulatory capital are calculated using a historical VaR simulation using at least 8 years of historical data at a 99% confidence level, one year investment term of capital and a 12 month holding period.

Glossary

Term	Description
ADI	Authorised Deposit-taking Institution ("ADI") as defined by APRA, and authorised by APRA to take deposits from customers.
Advanced IRB approach	The advanced Internal Ratings Based ("IRB") approach refers to the processes employed by the Group to estimate credit risk. This is achieved through the use of internally developed models to assess potential credit losses using the outputs from the PD, LGD and EaD models.
AMA	Advanced Measurement Approach ("AMA") is the risk estimation process used for the Group's operational risk. It combines internally developed risk estimation processes with an integrated risk management process, embedded within the business with loss event management.
APRA	The Australian Prudential Regulation Authority ("APRA") is the prudential regulator of the Australian financial services industry. APRA has defined its Basel II requirements in a series of Australian Prudential Standards ("APS").
APS 111	APS 111 refers to APRA's prudential standard that defines the approach to be used in measuring Basel II capital for an ADI.
APS 120	APS 120 refers to APRA's prudential standard that defines the expectations for the management of an ADI's risk in the area of securitisation.
APS 330	APS 330 refers to APRA's prudential standard which defines the requirements for the public disclosure of capital adequacy for a Basel II accredited ADI.
Backtesting	Backtesting refers to the process undertaken to monitor performance of the Group's risk models. Historical data is used to compare the actual outcomes to the expected outcomes.
BIPRU	BIPRU refers to the UK Financial Services Authority's requirements and guidance for accreditation under Basel II. It refers to the Prudential Sourcebook for Banks, Building Societies and Investment Firms.
Capital adequacy	Capital adequacy is the outcome of identifying and quantifying the major risks the Group is exposed to, and the capital that the Group determines as an appropriate level to hold for these risks, as well as its strategic and operational objectives, including its target credit rating.
CDO	Collateralised Debt Obligation.
CLO	Collateralised Loan Obligation.
Company	National Australia Bank Limited ABN 12 004 044 937
Credit derivatives	Credit derivatives include single-name credit defaults and certain total rate of return swaps, cash funded credit linked notes and first and second to default credit derivative basket products. ADIs may also recognise any more complex credit derivatives that do not fall into the list above, that have been approved by APRA.
EaD	Exposure at Default ("EaD") is an estimate of the total committed credit exposure expected to be drawn at the time of default for a customer or facility that the Group would incur in the event of a default within the next 12 months. It is used in the calculation of regulatory capital.
ELE	The Extended License Entity ("ELE") comprises the ADI itself and any APRA approved subsidiary entities assessed as effectively part of a single 'stand-alone' entity, as defined in APS 110.
Eligible financial collateral	Eligible financial collateral, under the standardised approach, will be the amount of cash collateral, netting and eligible bonds and equities. Eligible financial collateral, under the IRB approach, for corporate, sovereign and bank portfolios, is limited to the collateral items detailed in paragraphs 4 and 23 of Attachment G of APS 112. Recognition of eligible financial collateral is subject to the minimum conditions detailed in that same Attachment, paragraph 6. Eligible financial collateral for retail portfolios are not applicable to this disclosure.
Foundation IRB	Foundation Internal Ratings Based ("FIRB") approach refers to an alternative approach to advanced IRB defined under Basel II where a Group develops its own PD models and seeks approval from its regulator to use these in the calculation of regulatory capital, and the regulator provides a supervisory estimate for LGD and EaD.
Group	The Level 2 Group, being the Company and the entities it controls subject to certain exceptions set out in the Scope of Application.
Guarantees	Guarantors under the standardised approach are recognised according to APS 112 Attachment F paragraph 3. The secured portion of an exposure is weighted according to the risk weight appropriate to the guarantor and the unsecured portion is weighted according to the risk weight applicable to the original counterparty (Refer to Attachment A for the appropriate risk weights). Under the IRB approach, for corporate, sovereign and bank portfolios, the ADI may recognise credit risk mitigation in the form of guarantees and credit derivatives according to the FIRB substitution approach where an ADI uses supervisory estimates of LGD (refer to APS 113 Attachment B paragraph 49), an AIRB substitution approach where the ADI has approval from APRA to use its own estimates of LGD (refer to APS 113 Attachment B paragraph 60) and, for certain exposures, a double default approach (refer to APS 113 Attachment B paragraph 67). An ADI may decide, separately for each eligible exposure, to apply either the relevant substitution approach or the double default approach. For retail portfolios there are two approaches for the recognition of credit risk mitigation in the form of guarantees and credit derivatives under the retail IRB approach, a substitution approach (refer to APS 113 Attachment C paragraph 19) and, for certain exposures, a double default approach (refer to APS 113 Attachment C paragraph 28). An ADI may decide separately for each eligible exposure to apply either the substitution approach or the double default approach.
IFRS / AIFRS	The International Financial Reporting Standards ("IFRS") and the Australian equivalent ("AIFRS") define the accounting standards and provide guidance under which the National Australia Bank Group's financial accounts are prepared.
IMA	Internal Model Approach ("IMA") describes the approach used in the assessment of traded market risk. The Group uses, under approval from APRA, the IMA to calculate general market risk for all transactions in the trading book other than those covered by the Standard Method.
IRB	Internal Ratings Based ("IRB") describes the approach used in the assessment of credit risk. Within this document it is used interchangeably with the term advanced Internal Ratings Based approach. This reflects the Group's development of internal credit risk estimation models covering both retail and non-retail credit.
IRRBB	Interest Rate Risk in the Banking Book ("IRRBB") quantifies the inherent risk arising from the Group's banking operations as a result of movements in interest rates. This also includes the impact of differing maturities between assets and liabilities. Quantification of the resulting risk is used in determining capital adequacy.
LGD	Loss Given Default ("LGD") is an estimate of the expected severity of loss for a credit exposure following a default event. Regulatory LGDs reflect a stressed economic condition at the time of default. It is used in the calculation of regulatory capital.

Term	Description
Non-retail credit	Non-retail credit broadly refers to credit exposure to business customers. It excludes retail credit defined below.
Non-traded book	Non-traded book refers to the investment in securities held by the Group through to maturity.
Other eligible collateral	Other eligible collateral includes claims secured by commercial or residential real estate as per APS 113 Attachment B paragraph 11 and claims secured by eligible financial receivables as per APS 113 Attachment B paragraph 15.
PD	Probability of Default ("PD") is an estimate of the likelihood of a customer defaulting or not repaying their borrowings and other obligations to the Group in the next 12 months.
Qualifying revolving retail exposures	For the purposes of regulatory reporting, credit cards are referred to as qualifying revolving retail.
Regulatory capital	Regulatory capital is the total capital held by the Group as a buffer against potential losses arising from the business the Group operates in. Unlike economic capital, it is calculated based on guidance and standards provided by the Group's regulators, including APRA. It is designed to support stability in the banking system and protect depositors.
Regulatory expected loss	Regulatory Expected Loss ("EL") is a calculation of the estimated loss that may be experienced by the Group over the next 12 months. Regulatory EL calculations are based on the PD, LGD and EAD values of the portfolio at the time of the estimate, which include stressed LGDs for economic conditions As such, regulatory EL is not an estimate of long-run average expected loss (as was the case previously under dynamic provisioning).
Retail credit	For the purposes of managing credit, two broad categories are used: retail credit and non-retail credit. This reflects the different approaches to the sales and ongoing management of credit and is consistent with the approach taken by Basel II. Retail credit refers to the credit provided to retail or personal customers. For the purposes of regulatory capital, retail credit is categorised into three groups: residential mortgages, credit cards (or qualifying revolving credit) and other.
RWA	Risk Weighted Assets ("RWAs") is an estimate of the Group's banking assets after allowance for the likelihood of loss within the next 12 months.
Special purpose vehicles	Special Purpose Vehicles ("SPVs") are companies that have been established for a special purpose. Within the context of this report SPVs refer to those companies established to house assets securitised by the Group.
Standardised approach	Standardised refers to an alternative approach to the assessment of risk (notably credit and operational) whereby the institution uses external rating agencies to assist in assessing credit risk and/or the application of specific values provided by regulators to determine risk weighted assets.
Tier 1 capital	Tier 1 capital comprises the highest quality components of capital that fully satisfy all of the following essential characteristics: provide a permanent and unrestricted commitment of funds; are freely available to absorb losses; do not impose any unavoidable servicing charge against earnings; and rank behind the claims of depositors and other creditors in the event of winding-up.
Tier 2 capital	Tier 2 capital includes other components of capital that, to varying degrees, fall short of the quality of Tier 1 capital but nonetheless contribute to the overall strength of an entity as a going concern. It is divided into: Upper Tier 2 capital comprising components of capital that are essentially permanent in nature, including some forms of hybrid capital instrument; and Lower Tier 2 capital comprising components of capital that are not permanent.
Traded book	Traded book refers to the Group's investment portfolio that is traded or exchanged in the market from time to time that reflects market opportunities.
Value at Risk	Value at Risk ("VaR") is a mathematical technique that uses statistical analysis of historical data to estimate the likelihood that a given portfolio's losses will exceed a certain amount. Using a minimum of one year's historical data, VaR calculates the potential loss in earnings from adverse market movements, over a one-day time horizon, using a 99% confidence level.

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