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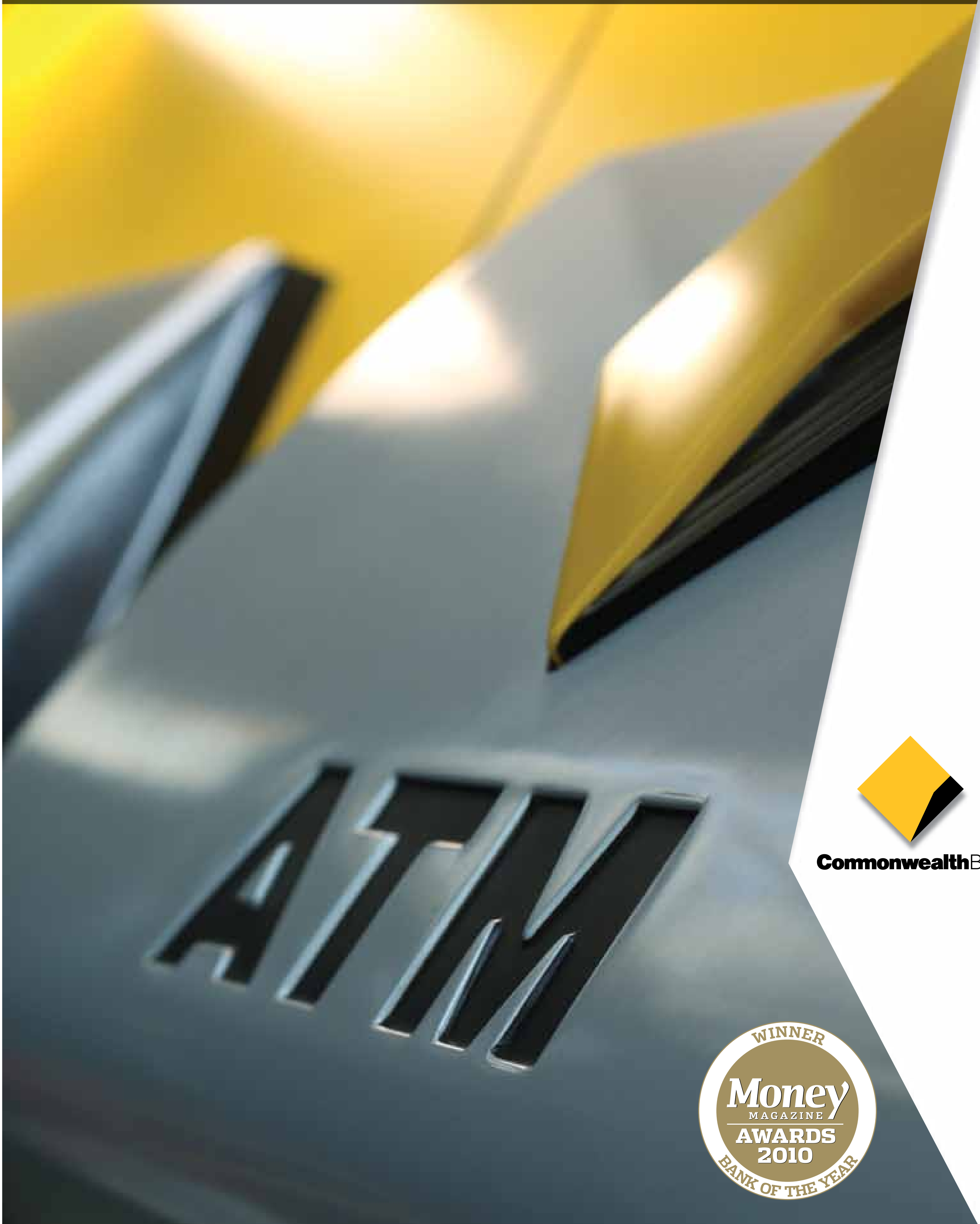
Basel II Pillar 3

Capital Adequacy and Risk Disclosures

AS AT 31 DECEMBER 2010



CommonwealthBank

WINNER
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BANK OF THE YEAR

COMMONWEALTH BANK OF AUSTRALIA | ACN 123 123 124

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1 Introduction

The Commonwealth Bank of Australia ("CBA") is an Authorised Deposit-taking Institution ("ADI") subject to regulation by the Australian Prudential Regulation Authority ("APRA") under the authority of the Banking Act 1959.

This document presents information on the Group's capital adequacy and risk weighted assets ("RWA") calculations for credit risk including securitisation exposures and equities, market risk, interest rate risk in the banking book ("IRRBB") and operational risk according to APRA requirements.

The Group is accredited with advanced Basel II status to use the advanced internal ratings based approach ("AIRB") for credit risk and advanced measurement approach ("AMA") for operational risk under Basel II Pillar One minimum capital requirements. The Group is also required to assess its traded market risk and IRRBB requirements under Pillar One.

ASB Bank Limited ("ASB") is subject to regulation by the Reserve Bank of New Zealand ("RBNZ"). RBNZ applies a similar methodology to APRA in calculating regulatory capital requirements. ASB operates under Basel II advanced status and Level 2 reporting by the Group includes ASB.

These disclosures include consolidation of the Bank of Western Australia Limited ("Bankwest"), CommBank Europe Limited and PT Bank Commonwealth which use the Standardised Basel II methodology.

The Group has maintained a strong capital position with the capital ratios well in excess of APRA's minimum capital adequacy requirements and the Board approved minimum levels at all times throughout the period.

The Group's Common Equity, Tier One and Total Capital ratios as at 31 December 2010 are 7.35%, 9.71% and 11.50% respectively.

This document is unaudited, however it has been prepared consistent with information supplied to APRA or otherwise published.

Detailed qualitative and quantitative disclosure of the Group's capital adequacy and risk for the year ended 30 June 2010 is available on the Group's corporate website www.commbank.com.au.

Summary Group Capital Adequacy Ratios (Level 2)	31/12/10 %	30/06/10 %	31/12/09 %
Common Equity [(1)]	**7. 35**	6. 86	6. 83
Tier One	**9. 71**	9. 15	9. 10
Tier Two	**1. 79**	2. 34	2. 53
Total Capital	**11. 50**	11. 49	11. 63

(1) Represents Fundamental Tier One Capital net of Tier One deductions.

2 Scope of Application

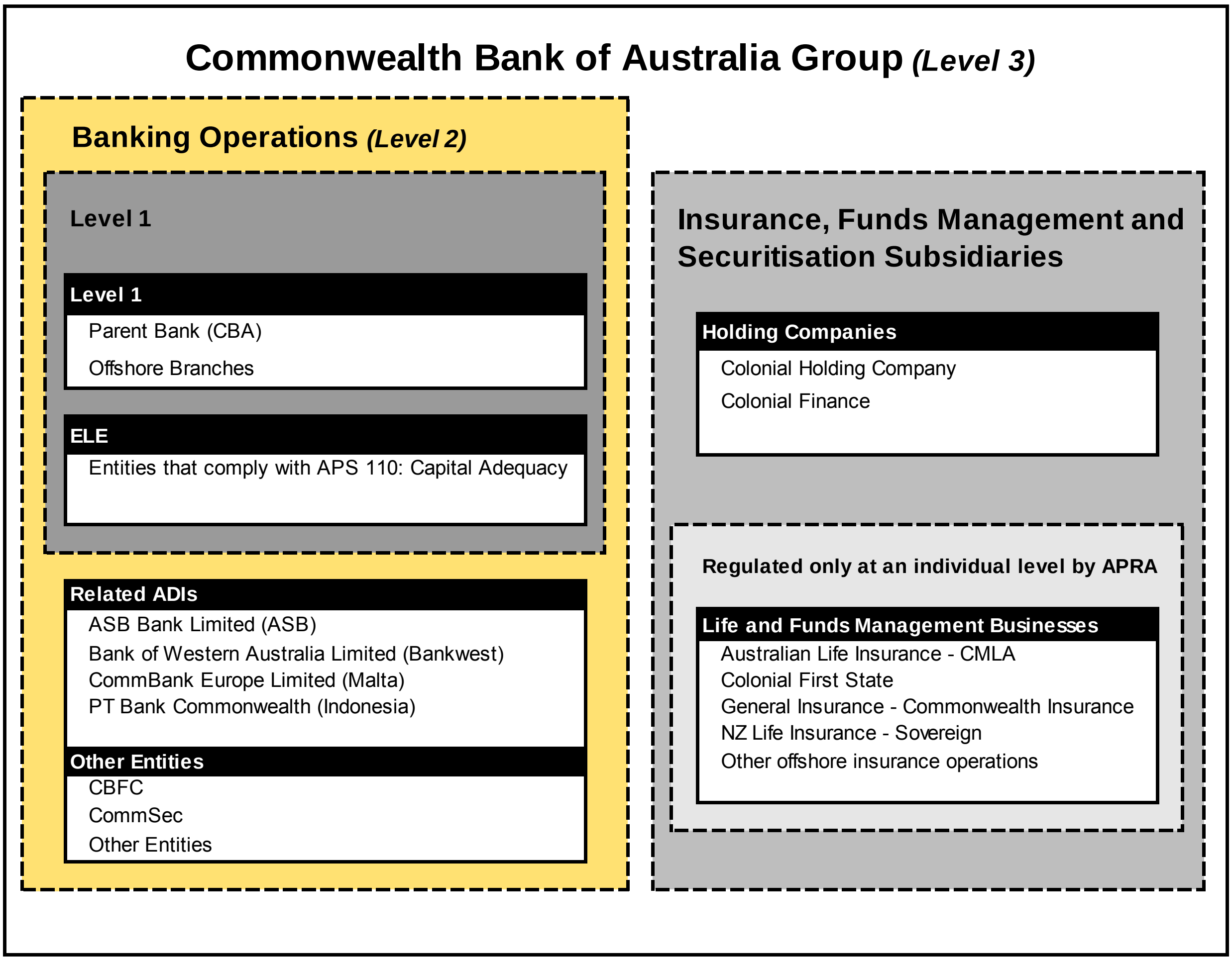
This document has been prepared in accordance with Board approved policy and semi-annual reporting requirements set out in APRA Prudential Standard APS 330 "Capital Adequacy: Public Disclosure of Prudential Information" ("APS 330").

APRA adopts a tiered approach to the measurement of an ADI's capital adequacy:

- Level 1: the Parent Bank (CBA) and offshore branches ("the Bank") and APRA approved Extended Licensed Entities ("ELE");
- Level 2: the consolidated banking group excluding the insurance and funds management businesses and the entities through which securitisation of Group assets are conducted; and
- Level 3: the conglomerate group including the Group's insurance and funds management businesses ("the Group").

The Group is required to report its semi-annual assessment of capital adequacy on a Level 2 basis. Additional semi-annual disclosure of capital ratios relating to material ADIs within the Group together with CBA's own Level 1 capital ratios are included under APS 330 Table 3g of this report (page 5).

The net tangible component of the investment in the insurance, funds management and securitisation activities are deducted from capital, 50% from Tier One and 50% from Tier Two Capital.



The transfer of regulatory capital and funding within the Group is subject to restrictions imposed by local regulatory requirements. In particular, APS 222 "Associations with Related Entities" establishes prudential limits on the level of exposure that the Bank may have to a related entity.

The Bank and all of the subsidiaries of the Group are adequately capitalised. There are no restrictions or other major impediments on the transfer of funds within the Group and there are no capital deficiencies in the non-consolidated subsidiaries.

APS 330 Table 1d – Capital deficiencies in non-consolidated subsidiaries

	31/12/10 $M	30/06/10 $M	31/12/09 $M
Aggregate amount of under capitalisation in non-consolidated subsidiaries of the ADI group	-	-	-

3 Capital and Risk Weighted Assets

Capital Management

The Group maintains a strong capital position with the capital ratios well in excess of APRA's minimum capital adequacy requirements (Prudential Capital Ratio ("PCR")) and the Board approved minimum levels at all times throughout the half year ended 31 December 2010.

Common Equity, Tier One Capital and Total Capital ratios as at 31 December 2010 were 7.35%, 9.71% and 11.50% respectively.

Tier One Capital increased by 56 basis points over the prior half, influenced by both solid profit after tax (net of dividend and Dividend Reinvestment Plan ("DRP")) and a net reduction in Risk Weighted Assets ("RWA"), partially offset by foreign currency translation movements due to an appreciating Australian dollar.

The Group's Total Capital ratio was relatively stable over the prior half at 11.50%. The benefits from the improvement in Tier One Capital were offset by the planned redemptions of Lower Tier Two instruments and foreign currency translation impact on these instruments.

RWA were $286 billion at 31 December 2010, a decrease of $5 billion since 30 June 2010. This decrease was driven by a reduction in Credit Risk RWA due to credit rating upgrades and measurement improvements. This was partially offset by an increase in Interest Rate Risk in the Banking Book ("IRRBB") RWA, reflecting the impact of an increase in interest rates and a lengthening of the repricing term of the Group's net asset position.

Summary Group Capital Adequacy and RWA	31/12/10	30/06/10	31/12/09
Total Risk Weighted Assets ($M)	**285,563**	290,821	297,449
Common Equity Capital ($M)	**20,999**	19,950	20,302
Tier One Capital ($M)	**27,735**	26,601	27,065
Total Capital ($M)	**32,846**	33,420	34,594
Common Equity (%)	**7. 35**	6. 86	6. 83
Tier One Capital (%)	**9. 71**	9. 15	9. 10
Total Capital (%)	**11. 50**	11. 49	11. 63

Regulatory Capital Framework Comparison

The following table estimates the impact on the Group's capital as at 31 December 2010, of the differences between APRA's prudential requirements for calculating risk weighted assets and those of the Financial Services Authority ("FSA"), the UK regulator.

Common Equity, Tier One and Total Capital ratios as at 31 December 2010 under the FSA method of calculating regulatory capital as a percentage of RWA are 10.6%, 13.5% and 15.1% respectively.

Further details on the differences between APRA and the FSA are available on the Australian Bankers' Association website.

	31 December 2010		
Regulatory Capital Frameworks Comparison	Common equity capital (1) %	Tier One capital %	Total capital %
Reported risk weighted capital ratios	7. 4	9. 7	11. 5
RWA treatment - mortgages (2) and margin loans	1. 3	1. 7	1. 8
IRRBB risk weighted assets	0. 4	0. 6	0. 8
Future dividends (net of Dividend Reinvestment Plan)	0. 6	0. 6	0. 6
Tax impact in EL v EP calculation	0. 1	0. 1	0. 2
Equity investments	0. 3	0. 3	0. 2
Value of in force (VIF) deductions (3)	0. 5	0. 5	-
Total adjustments	3. 2	3. 8	3. 6
Normalised FSA equivalent	10. 6	13. 5	15. 1

(1) Represents Fundamental Tier One Capital net of Tier One deductions.

(2) Based on APRA 20% Loss Given Default ("LGD") floor compared to the FSA's 10% and the Group's downturn LGD loss experience. For Standardised portfolio, based on APRA risk weights under APS 112 compared to the FSA's standard.

(3) VIF at acquisition is treated as goodwill and intangibles and therefore is deducted at Tier One by APRA. FSA allows VIF to be included in Tier One Capital but deducted from Total Capital.

3.1 Regulatory Capital

APS 330 Table 2b to 2d – Group regulatory capital position

	31/12/10 $M	30/06/10 $M	31/12/09 $M
Tier One Capital			
Paid-up ordinary share capital	**23,384**	23,379	22,606
Reserves	**566**	1,022	901
Retained earnings and current period profits	**9,167**	7,645	8,748
Non-controlling interests less ASB perpetual preference shares	**19**	18	16
Total Fundamental Tier One Capital	**33,136**	32,064	32,271
Deductions from Tier One Capital			
Goodwill and other intangibles (excluding software)	**(8,382)**	(8,470)	(8,523)
Other deductions from Tier One Capital	**(1,750)**	(1,645)	(1,527)
50/50 deductions from Tier One Capital	**(2,005)**	(1,999)	(1,919)
Total Tier One Capital deductions	**(12,137)**	(12,114)	(11,969)
Fundamental Tier One Capital after deductions	**20,999**	19,950	20,302
Residual Capital			
Innovative Tier One Capital	**3,329**	3,469	3,429
Non-innovative Tier One Capital	**3,407**	3,407	3,407
Less residual capital in excess of prescribed limits transferred to Upper Tier Two Capital	**-**	(225)	(73)
Total Residual Tier One Capital	**6,736**	6,651	6,763
Total Tier One Capital	**27,735**	26,601	27,065
Tier Two Capital			
Upper Tier Two Capital	**1,161**	1,380	1,166
Lower Tier Two Capital	**5,955**	7,438	8,282
Gross Tier Two Capital	**7,116**	8,818	9,448
Deduction from Tier Two Capital			
50/50 deductions from Tier Two Capital	**(2,005)**	(1,999)	(1,919)
Total Tier Two Capital deductions	**(2,005)**	(1,999)	(1,919)
Total Tier Two Capital	**5,111**	6,819	7,529
Total Capital	**32,846**	33,420	34,594

APS 330 Table 3g – Capital ratios

Significant Group ADIs	31/12/10 %	30/06/10 %	31/12/09 %
CBA Level 2 Tier One Capital ratio	**9. 71**	9. 15	9. 10
CBA Level 2 Total Capital ratio	**11. 50**	11. 49	11. 63
CBA Level 1 Tier One Capital ratio	**10. 59**	9. 92	9. 84
CBA Level 1 Total Capital ratio	**11. 65**	11. 32	11. 53
ASB Tier One Capital ratio (1)	**11. 04**	10. 87	10. 03
ASB Total Capital ratio (1)	**13. 27**	13. 23	12. 38
Bankwest Tier One Capital ratio (2)	**9. 26**	8. 59	9. 02
Bankwest Total Capital ratio (2)	**13. 06**	12. 39	12. 80

(1) Calculated under advanced Basel II methodology.

(2) Calculated under standardised Basel II methodology.

Capital Initiatives

The following significant initiatives were undertaken during the half year to actively manage the Group's capital:

Tier One Capital

- The DRP for the 2010 final dividend was satisfied in full by an on market purchase and transfer of shares. As such there was no impact on the Group's capital ratios. The DRP participation rate was 25.8% and follows the removal of the 1.5% discount.

Tier Two Capital

- Redemption of five separate subordinated Lower Tier Two debt issues totalling $795 million, the majority of which took place in November 2010.

Banking Regulatory Framework

The Group, excluding Bankwest, operates under Basel II advanced status which resulted in the Advanced Internal Ratings Based ("AIRB") approach for credit risk and the Advanced Measurement Approach ("AMA") for operational risk being adopted in the calculation of RWA effective from 1 January 2008. IRRBB was incorporated into the calculation of RWA from 1 July 2008. The agreed methodology for measuring market risk for traded assets remained unchanged from Basel I.

Bankwest operates as a separate ADI and is separately regulated by APRA. Bankwest operates under the standardised Basel II methodology. There is a program in place to extend the Group's advanced accreditation to determine regulatory capital to Bankwest.

ASB Bank is subject to regulation by the Reserve Bank of New Zealand ("RBNZ"). RBNZ applies a similar methodology to APRA in calculating regulatory capital requirements. ASB Bank operates under Basel II advanced status.

APRA implemented transitional capital floors based on 90% of the capital required under Basel I. As at 31 December 2010 these transitional floors did not have any impact on the Group's capital levels.

Insurance and Funds Management Business

The Group's insurance and funds management companies held assets in excess of regulatory capital requirements at 31 December 2010. The Group's Australian and New Zealand insurance and funds management businesses held $1,147 million of assets in excess of regulatory solvency requirements at 31 December 2010 (30 June 2010: $1,007 million, 31 December 2009: $1,048 million).

Regulatory Changes

Basel III

On 16 December 2010 the Basel Committee on Banking Supervision ("BCBS") published details of its main banking reforms to strengthen global capital and liquidity regulations. The capital reforms ("Basel III: A global regulatory framework for more resilient banks and banking systems") are designed to increase the quality, consistency and transparency of capital, to enhance the risk coverage framework, and to reduce systemic and pro-cyclical risks.

The regulations increase the common equity minimum requirement from 2% to 4.5% and introduce a capital conservation buffer of 2.5%, taking the minimum total common equity requirement to 7%. Tier One and Total Capital minimum requirements (inclusive of the capital conservation buffer) will increase to 8.5% and 10.5% respectively. The reforms also introduce a minimum leverage ratio of Tier One Capital to total exposures of 3%. Parallel reporting of the leverage ratio is due to commence in 2013, with the expectation of full Pillar 1 implementation on 1 January 2018.

The BCBS reforms will be phased in from 1 January 2013 to 1 January 2019.

As a member of the BCBS, APRA has begun work on developing draft prudential standards and is expected to commence its consultation with Australian ADIs on these standards in the first half of the 2011 calendar year.

Basel II enhancements announced in July 2009, relating to securitisation and market risk, will be implemented from 1 January 2012.

Supervision of conglomerate groups

APRA released a Discussion Paper titled "Supervision of Conglomerate Groups" in March 2010. The proposal aims to extend APRA's current prudential supervision framework to conglomerate groups that have material operations in more than one APRA regulated industry and/or have one or more material unregulated entities. The aims of the Level 3 proposal are to ensure that a conglomerate group holds adequate capital to protect the APRA regulated entities from potential contagion and other risks within the group.

APRA is currently conducting a Quantitative Impact Study ("QIS") to assess the impact of the proposed changes, which is due for completion in late February 2011. Detailed capital standards are expected to be released by APRA in 2011 and implementation to commence in 2013.

Capital standards for general insurers and life insurers

APRA released a Discussion Paper titled "Review of capital standards for general insurers and life insurers" in May 2010 followed by more detailed technical papers in July 2010. APRA is seeking to improve the risk sensitivity of its capital standards, and to introduce a definition and measurement of the capital base for life insurers that is consistent with general insurers and ADIs. APRA conducted a QIS on the proposed changes in the second half of the 2010 calendar year. Further refinements and a second QIS will be conducted in the first half of the 2011 calendar year. The final capital standards are expected to be released by APRA in 2012 with implementation to commence in 2013.

The RBNZ issued draft solvency standards for life insurance operations on 23 August 2010. Following a period of consultation with the industry, the RBNZ is expected to release standards in the first half of 2011 which will take effect in 2012.

3.2 Risk Weighted Assets

APS 330 Table 3b to 3f – Capital adequacy (risk weighted assets)

Asset Category	31/12/10 $M	30/06/10 $M	31/12/09 $M	Dec 2010 vs Jun 2010 $M	Dec 2010 vs Jun 2010 %	Jun 2010 vs Dec 2009 $M	Jun 2010 vs Dec 2009 %
Credit Risk							
Subject to advanced IRB approach							
Corporate	**40,129**	44,252	43,031	(4,123)	(9)	1,221	3
SME corporate	**22,071**	26,216	25,322	(4,145)	(16)	894	4
SME retail	**4,896**	5,170	4,765	(274)	(5)	405	8
Sovereign	**2,557**	2,800	1,956	(243)	(9)	844	43
Bank	**6,686**	7,492	6,745	(806)	(11)	747	11
Residential mortgage	**56,412**	55,882	56,909	530	1	(1,027)	(2)
Qualifying revolving retail	**6,761**	6,772	6,292	(11)	-	480	8
Other retail	**6,398**	6,322	6,315	76	1	7	-
Impact of the regulatory scaling factor (1)	**8,755**	9,294	9,079	(539)	(6)	215	2
Total RWA subject to advanced IRB approach	**154,665**	164,200	160,414	(9,535)	(6)	3,786	2
Specialised lending	**34,339**	35,483	38,678	(1,144)	(3)	(3,195)	(8)
Subject to standardised approach							
Corporate	**8,040**	8,872	10,053	(832)	(9)	(1,181)	(12)
SME corporate	**7,597**	7,746	7,540	(149)	(2)	206	3
SME retail	**4,377**	4,684	4,505	(307)	(7)	179	4
Sovereign	**99**	215	233	(116)	(54)	(18)	(8)
Bank	**1,583**	1,136	1,206	447	39	(70)	(6)
Residential mortgage	**22,605**	22,436	22,531	169	1	(95)	-
Other retail	**2,510**	2,530	2,411	(20)	(1)	119	5
Other assets	**4,619**	5,472	6,405	(853)	(16)	(933)	(15)
Total RWA subject to standardised approach	**51,430**	53,091	54,884	(1,661)	(3)	(1,793)	(3)
Securitisation	**1,894**	1,569	1,962	325	21	(393)	(20)
Equity exposures	**2,280**	2,420	2,528	(140)	(6)	(108)	(4)
Total RWA for credit risk exposures	**244,608**	256,763	258,466	(12,155)	(5)	(1,703)	(1)
Traded market risk	**3,873**	3,503	4,033	370	11	(530)	(13)
Interest rate risk in the banking book	**17,033**	10,272	16,601	6,761	66	(6,329)	(38)
Operational risk	**20,049**	20,283	18,349	(234)	(1)	1,934	11
Total risk weighted assets	**285,563**	290,821	297,449	(5,258)	(2)	(6,628)	(2)

(1) APRA requires RWA that are derived from the advanced IRB approach to be multiplied by a factor of 1.06 (refer glossary).

Risk Weighted Assets

Total RWA decreased by $5 billion or 2% on the prior half to $286 billion with a decrease in credit risk RWA more than offsetting growth in IRRBB RWA.

Credit Risk Exposure and RWA

Credit risk RWA fell by $12 billion or 5% to $245 billion. The decrease was characterised by:

- Net run-off of non-retail portfolios with subdued demand for commercial lending, further moderated by a decrease in foreign currency exposure due to appreciation of the Australian dollar during the half;
- Signs of improving portfolio credit quality particularly in the retail portfolios where there was a reduction in arrears; and
- The implementation of revised downturn Loss Given Default ("LGD") estimates for the non-retail portfolios after APRA approved a new LGD modelling approach for our risk-rated portfolios.

The above net decreases were partially offset by an increase in RWA following a change in regulatory treatments. This included the use of a Standardised approach for reverse mortgages to align to APRA's requirements, and the implementation of revised PD estimates for ASB Home Loans after RBNZ prescribed and approved a new modelling approach.

Details of exposure movements over the prior half are as follows (see also table 4i – Total credit exposure, page 9):

Traded Market Risk RWA

Traded Market Risk RWA increased $370 million or 11% on the prior half to $3.9 billion. The increase was a result of trading from customer activity and participation in equity capital markets deals as market conditions improved during the period.

Interest Rate Risk in the Banking Book RWA

IRRBB RWA increased by $7 billion on the prior half or 66% to $17 billion. The IRRBB capital requirement increased in December 2010 because the repricing term of assets increased more than that of liabilities and derivatives positions. This is reflected by the increase in the net asset position which means the value of our assets will reduce more than the value of our liabilities and derivatives when interest rates increase. In addition, the IRRBB capital increased further due to enhancements to prepayment optionality risk measurements.

Operational Risk RWA

Operational Risk RWA remained largely unchanged on the prior half at $20 billion.

Explanation of change in credit exposure

Asset Category	Regulatory Exposure Change $M	Regulatory Exposure Driver
AIRB corporate (including SME) and specialised lending	(481)	Slight run-off reflects subdued demand for new credit moderated further by impact of exchange rate appreciation on foreign currency denominated exposure.
AIRB sovereign	825	Increased investment in well-rated government securities.
AIRB bank	98	No appreciable change.
AIRB consumer retail	4,316	Continued growth in the Australian home loan book at a slower rate than in previous periods. Home loan growth was moderated by appreciation of AUD against NZD on the NZ home loan book. Reverse mortgages were also transferred to a Standardised approach.
Total advanced and specialised lending	**4,758**	
Standardised including other assets	787	Reverse mortgages moved from AIRB to Standardised approach. There was an increase in zero risk-weighted cash holdings.
Total excluding securitisation and equity exposures	**5,545**	Aligns to exposure movement disclosed in table 4i (page 9).
Equities and securitisation exposures	137	Net growth in securitisation exposure driven primarily from increases in warehoused exposures and new securitisation investments.
Total credit exposure	**5,682**	Total including equities and securitisation exposures.

The composition of the movement in Credit RWA over the prior half, as reflected in APS 330 Table 3b to 3f (page 7), is shown below.

Explanation of change in credit RWA

Asset Category	Total credit RWA movement Jun 10 to Dec 10 $M	Credit RWA driven by volume changes $M	Credit RWA driven by credit risk factor changes $M	Credit RWA driven by change in regulatory treatments $M	Credit RWA driven by change in credit quality $M
AIRB Corporate including SME and specialised lending	**(9,686)**	(494)	(8,063)	200	(1,329)
AIRB Bank	**(806)**	24	(429)	-	(401)
AIRB Sovereign	**(243)**	77	(127)	-	(193)
AIRB Consumer retail	**595**	1,179	-	2,508	(3,092)
Standardised (including other assets)	**(1,661)**	(2,285)	-	624	-
Equity and securitisation exposures	**185**	185	-	-	-
Impact of Basel II scaling factor	**(539)**	(540)	(510)	-	511
Total credit RWA movement	**(12,155)**	(1,854)	(9,129)	3,332	(4,504)

4 Credit Risk

4.1 Credit Risk Exposure – Excluding Equities and Securitisation

The following tables detail credit risk exposures (excluding Equities and Securitisation Exposures) subject to Advanced and Standardised Internal Ratings Based ("IRB") approaches.

APS 330 Table 4i – Total credit exposures (excluding equities and securitisation) by portfolio type and modelling approach

	31 December 2010						
		Off balance sheet					
Portfolio Type	On balance sheet $M	Non-market related $M	Market related $M	Total $M	Average exposure for December 2010 half (2) $M	Change in exposure Dec 2010 vs Jun 2010 $M	%
Subject to advanced IRB approach							
Corporate	37,321	24,389	5,498	**67,208**	67,044	328	0. 5
SME corporate	32,475	5,667	419	**38,561**	39,006	(889)	(2. 3)
SME retail	7,340	1,757	10	**9,107**	9,118	(21)	(0. 2)
Sovereign	27,059	1,388	2,266	**30,713**	30,301	825	2. 8
Bank	16,855	2,537	11,036	**30,428**	30,379	98	0. 3
Residential mortgage	283,579	53,068	-	**336,647**	334,788	3,719	1. 1
Qualifying revolving retail	8,732	4,521	-	**13,253**	12,973	560	4. 4
Other retail	5,067	963	-	**6,030**	6,012	37	0. 6
Total advanced IRB approach	418,428	94,290	19,229	**531,947**	529,621	4,657	0. 9
Specialised lending	31,020	7,488	966	**39,474**	39,424	101	0. 3
Subject to standardised approach							
Corporate	7,386	753	26	**8,165**	8,570	(810)	(9. 0)
SME corporate	6,775	1,012	26	**7,813**	7,884	(142)	(1. 8)
SME retail	3,844	1,435	-	**5,279**	5,376	(194)	(3. 5)
Sovereign	389	1	-	**390**	820	(860)	(68. 8)
Bank	7,659	68	32	**7,759**	6,831	1,856	31. 4
Residential mortgage	48,480	755	12	**49,247**	48,355	1,785	3. 8
Other retail	2,460	94	-	**2,554**	2,565	(22)	(0. 9)
Other assets	13,471	-	-	**13,471**	13,884	(826)	(5. 8)
Total standardised approach	90,464	4,118	96	**94,678**	94,285	787	0. 8
Total credit exposures (1)	539,912	105,896	20,291	**666,099**	663,330	5,545	0. 8

(1) Total Credit Risk Exposures (calculated as EAD) do not include equities or securitisation exposures.

(2) The simple average of balances as at 31 December 2010 and at 30 June 2010.

APS 330 Table 4i – Total credit exposures (excluding equities and securitisation) by portfolio type and modelling approach (continued)

Portfolio Type	30 June 2010				Average exposure for June 2010 half [(2)]	Change in exposure Jun 2010 vs Dec 2009	
	On balance sheet	Off balance sheet Non-market related	Off balance sheet Market related	Total			
	$M	$M	$M	$M	$M	$M	%
Subject to advanced IRB approach							
Corporate	37,592	23,621	5,667	66,880	66,977	(194)	(0. 3)
SME corporate	33,340	5,445	665	39,450	38,941	1,018	2. 6
SME retail	7,466	1,651	11	9,128	9,026	203	2. 3
Sovereign	26,253	1,587	2,048	29,888	28,966	1,844	6. 6
Bank	15,759	2,192	12,379	30,330	30,896	(1,131)	(3. 6)
Residential mortgage	280,928	52,000	-	332,928	326,864	12,128	3. 8
Qualifying revolving retail	8,306	4,387	-	12,693	12,535	316	2. 6
Other retail	4,976	1,017	-	5,993	5,967	52	0. 9
Total advanced IRB approach	414,620	91,900	20,770	527,290	520,172	14,236	2. 8
Specialised lending	31,561	6,961	851	39,373	40,618	(2,492)	(6. 0)
Subject to standardised approach							
Corporate	8,026	905	44	8,975	10,036	(2,122)	(19. 1)
SME corporate	7,054	857	44	7,955	7,780	351	4. 6
SME retail	4,098	1,375	-	5,473	5,367	212	4. 0
Sovereign	1,249	1	-	1,250	918	664	Large
Bank	5,799	51	53	5,903	5,958	(110)	(1. 8)
Residential mortgage	46,957	485	20	47,462	47,344	237	0. 5
Other retail	2,475	100	1	2,576	2,515	122	5. 0
Other assets	14,297	-	-	14,297	14,973	(1,352)	(8. 6)
Total standardised approach	89,955	3,774	162	93,891	94,891	(1,998)	(2. 1)
Total credit exposures [(1)]	536,136	102,635	21,783	660,554	655,681	9,746	1. 5

(1) Total Credit Risk Exposures (calculated as EAD) do not include equities or securitisation exposures.
(2) The simple average of balances as at 30 June 2010 and at 31 December 2009.

Portfolio Type	31 December 2009				Average exposure for December 2009 half [(2)]	Change in exposure Dec 2009 vs Jun 2009	
	On balance sheet	Off balance sheet Non-market related	Off balance sheet Market related	Total			
	$M	$M	$M	$M	$M	$M	%
Subject to advanced IRB approach							
Corporate	37,787	25,016	4,271	67,074	77,493	(20,837)	(23. 7)
SME corporate	32,410	5,615	407	38,432	43,380	(9,896)	(20. 5)
SME retail	7,324	1,596	5	8,925	8,910	29	0. 3
Sovereign	25,122	1,547	1,375	28,044	25,840	4,408	18. 7
Bank	19,160	1,788	10,513	31,461	32,257	(1,592)	(4. 8)
Residential mortgage	268,153	52,647	-	320,800	313,206	15,187	5. 0
Qualifying revolving retail	8,154	4,223	-	12,377	11,977	801	6. 9
Other retail	4,940	1,001	-	5,941	5,926	29	0. 5
Total advanced IRB approach	403,050	93,433	16,571	513,054	518,989	(11,871)	(2. 3)
Specialised lending	33,140	7,893	832	41,865	31,664	20,404	95. 1
Subject to standardised approach							
Corporate	8,688	2,366	43	11,097	11,857	(1,521)	(12. 1)
SME corporate	6,780	781	43	7,604	7,563	82	1. 1
SME retail	3,942	1,319	-	5,261	5,277	(32)	(0. 6)
Sovereign	585	1	-	586	443	286	95. 3
Bank	5,785	182	46	6,013	3,311	5,404	Large
Residential mortgage	46,234	971	20	47,225	45,045	4,359	10. 2
Other retail	2,356	97	1	2,454	2,440	29	1. 2
Other assets	15,649	-	-	15,649	16,255	(1,212)	(7. 2)
Total standardised approach	90,019	5,717	153	95,889	92,191	7,395	8. 4
Total credit exposures [(1)]	526,209	107,043	17,556	650,808	642,844	15,928	2. 5

(1) Total Credit Risk Exposures (calculated as EAD) do not include equities or securitisation exposures.
(2) The simple average of balances as at 31 December 2009 and at 30 June 2009.

APS 330 Table 4b – Credit risk exposure by portfolio type

Portfolio Type	As at 31/12/10 EAD $M	Half year average [3] EAD $M
Corporate	75,373	75,615
SME corporate	46,374	46,891
SME retail	14,386	14,494
Sovereign	31,103	31,121
Bank	38,187	37,210
Residential mortgage [1]	385,894	383,143
Qualifying revolving retail	13,253	12,973
Other retail	8,584	8,577
Specialised lending	39,474	39,424
Other assets	13,471	13,884
Total credit exposures [2]	666,099	663,330

(1) Residential mortgages include SME retail secured by residential property.
(2) Total credit risk exposures do not include equities or securitisation exposures.
(3) The simple average of closing balances of each half year.

Portfolio Type	As at 30/06/10 EAD $M	Half year average [3] EAD $M
Corporate	75,855	77,013
SME corporate	47,405	46,721
SME retail	14,601	14,394
Sovereign	31,138	29,884
Bank	36,233	36,854
Residential mortgage [1]	380,390	374,208
Qualifying revolving retail	12,693	12,535
Other retail	8,569	8,482
Specialised lending	39,373	40,619
Other assets	14,297	14,973
Total credit exposures [2]	660,554	655,681

(1) Residential mortgages include SME retail secured by residential property.
(2) Total credit risk exposures do not include equities or securitisation exposures.
(3) The simple average of closing balances of each half year.

Portfolio Type	As at 31/12/09 EAD $M	Half year average [3] EAD $M
Corporate	78,171	89,351
SME corporate	46,036	50,943
SME retail	14,186	14,188
Sovereign	28,630	26,283
Bank	37,474	35,568
Residential mortgage [1]	368,025	358,252
Qualifying revolving retail	12,377	11,977
Other retail	8,395	8,366
Specialised lending	41,865	31,663
Other assets	15,649	16,255
Total credit exposures [2]	650,808	642,846

(1) Residential mortgages include SME retail secured by residential property.
(2) Total credit risk exposures do not include equities or securitisation exposures.
(3) The simple average of closing balances of each half year.

APS 330 Table 4c – Credit risk exposure by portfolio type and geographic distribution

	31 December 2010			
	Australia	New Zealand	Other	Total
Portfolio Type	**$M**	**$M**	**$M**	**$M**
Corporate	56,421	6,143	12,809	**75,373**
SME corporate	39,413	6,392	569	**46,374**
SME retail	12,510	1,829	47	**14,386**
Sovereign	18,928	1,478	10,697	**31,103**
Bank	14,958	1,762	21,467	**38,187**
Residential mortgage (1)	353,584	31,921	389	**385,894**
Qualifying revolving retail	13,253	-	-	**13,253**
Other retail	7,237	1,346	1	**8,584**
Specialised lending	33,955	3,934	1,585	**39,474**
Other assets	9,897	1,337	2,237	**13,471**
Total credit exposures (2)	560,156	56,142	49,801	**666,099**

(1) Residential mortgages include SME retail secured by residential property.
(2) Total credit risk exposures do not include equities or securitisation exposures.

	30 June 2010			
	Australia	New Zealand	Other	Total
Portfolio Type	**$M**	**$M**	**$M**	**$M**
Corporate	56,169	5,909	13,777	75,855
SME corporate	39,170	7,447	788	47,405
SME retail	12,606	1,965	30	14,601
Sovereign	20,852	1,509	8,777	31,138
Bank	14,091	1,218	20,924	36,233
Residential mortgage (1)	345,606	34,367	417	380,390
Qualifying revolving retail	12,693	-	-	12,693
Other retail	7,159	1,407	3	8,569
Specialised lending	33,412	4,106	1,855	39,373
Other assets	10,614	1,318	2,365	14,297
Total credit exposures (2)	552,372	59,246	48,936	660,554

(1) Residential mortgages include SME retail secured by residential property.
(2) Total credit risk exposures do not include equities or securitisation exposures.

	31 December 2009			
	Australia	New Zealand	Other	Total
Portfolio Type	**$M**	**$M**	**$M**	**$M**
Corporate	57,421	6,618	14,132	78,171
SME corporate	37,464	7,758	814	46,036
SME retail	12,198	1,961	27	14,186
Sovereign	17,046	2,318	9,266	28,630
Bank	12,843	1,344	23,287	37,474
Residential mortgage (1)	333,051	34,260	714	368,025
Qualifying revolving retail	12,377	-	-	12,377
Other retail	6,988	1,399	8	8,395
Specialised lending	36,666	3,639	1,560	41,865
Other assets	11,777	1,064	2,808	15,649
Total credit exposures (2)	537,831	60,361	52,616	650,808

(1) Residential mortgages include SME retail secured by residential property.
(2) Total credit risk exposures do not include equities or securitisation exposures.

APS 330 Table 4d – Credit risk exposure by portfolio type and industry sector [1]

31 December 2010

Portfolio Type	Residential mortgage $M	Other personal $M	Asset finance $M	Sovereign $M	Bank $M	Other finance $M	Agriculture $M	Mining $M
	Industry Sector							
Corporate	-	-	1,146	-	-	11,997	2,123	4,539
SME corporate	-	961	3,223	-	-	2,992	11,032	442
SME retail	-	1,222	3,756	-	-	404	1,475	28
Sovereign	-	-	-	31,103	-	-	-	-
Bank	-	-	-	-	38,169	18	-	-
Residential mortgage [2]	371,948	-	-	-	-	353	769	57
Qualifying revolving retail	-	13,253	-	-	-	-	-	-
Other retail	-	8,584	-	-	-	-	-	-
Specialised lending	-	-	3	-	-	85	99	495
Other assets	-	4,505	-	-	-	-	-	-
Total credit exposures [1]	371,948	28,525	8,128	31,103	38,169	15,849	15,498	5,561

Portfolio Type	Manufacturing $M	Energy $M	Construction $M	Retail/ wholesale trade $M	Transport and storage $M	Property [3] $M	Other $M	Total $M
	Industry Sector							
Corporate	10,057	4,348	610	7,371	7,312	12,335	13,535	**75,373**
SME corporate	2,458	158	1,304	5,942	1,437	1,590	14,835	**46,374**
SME retail	372	15	580	1,016	200	1,252	4,066	**14,386**
Sovereign	-	-	-	-	-	-	-	**31,103**
Bank	-	-	-	-	-	-	-	**38,187**
Residential mortgage [2]	515	22	1,318	1,840	397	3,365	5,310	**385,894**
Qualifying revolving retail	-	-	-	-	-	-	-	**13,253**
Other retail	-	-	-	-	-	-	-	**8,584**
Specialised lending	195	2,335	2,586	170	3,632	28,840	1,034	**39,474**
Other assets	-	-	-	-	-	-	8,966	**13,471**
Total credit exposures [1]	13,597	6,878	6,398	16,339	12,978	47,382	47,746	**666,099**

(1) Total credit risk exposures do not include equities or securitisation exposures.
(2) SME retail business lending secured by residential property have been allocated by industry.
(3) Property includes REITs and excludes Business Services.

APS 330 Table 4d – Credit risk exposure by portfolio type and industry sector [1] (continued)

	30 June 2010							
	Industry Sector							
Portfolio Type	Residential mortgage $M	Other personal $M	Asset finance $M	Sovereign $M	Bank $M	Other finance $M	Agriculture $M	Mining $M
Corporate	-	-	1,198	-	-	12,484	1,844	3,793
SME corporate	-	978	3,251	-	-	3,007	11,584	414
SME retail	-	1,321	3,807	-	-	468	1,554	29
Sovereign	-	-	-	31,138	-	-	-	-
Bank	-	-	-	-	36,233	-	-	-
Residential mortgage [2]	364,192	-	1	-	-	431	836	76
Qualifying revolving retail	-	12,693	-	-	-	-	-	-
Other retail	-	8,569	-	-	-	-	-	-
Specialised lending	-	-	1	-	-	97	80	398
Other assets	-	4,822	-	-	-	-	-	-
Total credit exposures [1]	364,192	28,383	8,258	31,138	36,233	16,487	15,898	4,710

	Industry Sector							
Portfolio Type	Manufacturing $M	Energy $M	Construction $M	Retail/ wholesale trade $M	Transport and storage $M	Property [3] $M	Other $M	Total $M
Corporate	10,884	4,163	634	6,782	7,247	13,369	13,457	75,855
SME corporate	2,617	234	1,155	5,879	1,463	1,666	15,157	47,405
SME retail	369	14	586	1,037	215	1,282	3,919	14,601
Sovereign	-	-	-	-	-	-	-	31,138
Bank	-	-	-	-	-	-	-	36,233
Residential mortgage [2]	628	36	1,576	2,182	437	4,312	5,683	380,390
Qualifying revolving retail	-	-	-	-	-	-	-	12,693
Other retail	-	-	-	-	-	-	-	8,569
Specialised lending	199	2,336	2,565	179	3,825	28,243	1,450	39,373
Other assets	-	-	-	-	-	-	9,475	14,297
Total credit exposures [1]	14,697	6,783	6,516	16,059	13,187	48,872	49,141	660,554

(1) Total credit risk exposures do not include equities or securitisation exposures.
(2) SME retail business lending secured by residential property have been allocated by industry.
(3) Property includes REITs and excludes Business Services.

APS 330 Table 4d – Credit risk exposure by portfolio type and industry sector [1] (continued)

	31 December 2009							
	Industry Sector							
Portfolio Type	Residential mortgage $M	Other personal $M	Asset finance $M	Sovereign $M	Bank $M	Other finance $M	Agriculture $M	Mining $M
Corporate	-	-	1,145	-	-	13,137	1,733	3,732
SME corporate	-	967	3,351	-	-	3,015	11,272	346
SME retail	-	1,308	3,851	-	-	443	1,541	23
Sovereign	-	-	-	28,630	-	-	-	-
Bank	-	-	-	-	37,474	-	-	-
Residential mortgage [2]	361,689	-	-	-	-	224	274	13
Qualifying revolving retail	-	12,377	-	-	-	-	-	-
Other retail	-	8,395	-	-	-	-	-	-
Specialised lending	-	-	-	-	-	723	287	484
Other assets	-	5,071	-	-	-	-	-	-
Total credit exposures [1]	361,689	28,118	8,347	28,630	37,474	17,542	15,107	4,598

	Industry Sector							
Portfolio Type	Manufacturing $M	Energy $M	Construction $M	Retail/ wholesale trade $M	Transport and storage $M	Property [3] $M	Other $M	Total $M
Corporate	11,345	4,625	729	7,462	6,804	11,867	15,592	78,171
SME corporate	2,498	193	870	5,648	1,450	1,766	14,660	46,036
SME retail	360	12	572	1,023	191	1,235	3,627	14,186
Sovereign	-	-	-	-	-	-	-	28,630
Bank	-	-	-	-	-	-	-	37,474
Residential mortgage [2]	246	14	547	826	196	175	3,821	368,025
Qualifying revolving retail	-	-	-	-	-	-	-	12,377
Other retail	-	-	-	-	-	-	-	8,395
Specialised lending	464	2,865	2,623	387	3,886	27,943	2,203	41,865
Other assets	-	-	-	-	-	-	10,578	15,649
Total credit exposures [1]	14,913	7,709	5,341	15,346	12,527	42,986	50,481	650,808

(1) Total credit risk exposures do not include equities or securitisation exposures.
(2) SME retail business lending secured by residential property have been allocated by industry.
(3) Property includes REITs and excludes Business Services.

APS 330 Table 4e – Credit risk exposure by portfolio type and contractual maturity

Portfolio Type	≤ 12mths $M	1 ≤ 5yrs $M	> 5 years $M	No specified maturity $M	Total $M
	31 December 2010				
Corporate	10,325	57,681	5,782	1,585	**75,373**
SME corporate	5,225	28,596	11,659	894	**46,374**
SME retail	2,097	6,955	5,173	161	**14,386**
Sovereign	4,251	16,766	10,086	-	**31,103**
Bank	16,175	20,377	1,567	68	**38,187**
Residential mortgage (1)	8,849	10,414	312,262	54,369	**385,894**
Qualifying revolving retail	-	-	-	13,253	**13,253**
Other retail	3	3,490	2,478	2,613	**8,584**
Specialised lending	13,942	22,487	3,045	-	**39,474**
Other assets	5,189	33	8	8,241	**13,471**
Total credit exposures (2)	66,056	166,799	352,060	81,184	**666,099**

(1) Residential mortgages include SME retail secured by residential property.
(2) Total credit risk exposures do not include equities or securitisation exposures.

Portfolio Type	≤ 12mths $M	1 ≤ 5yrs $M	> 5 years $M	No specified maturity $M	Total $M
	30 June 2010				
Corporate	10,065	58,838	5,424	1,528	75,855
SME corporate	5,958	28,019	12,387	1,041	47,405
SME retail	2,164	6,665	5,592	180	14,601
Sovereign	4,513	16,680	9,944	1	31,138
Bank	17,091	17,785	1,357	-	36,233
Residential mortgage (1)	10,024	10,664	306,058	53,644	380,390
Qualifying revolving retail	-	-	-	12,693	12,693
Other retail	59	3,720	2,083	2,707	8,569
Specialised lending	14,240	22,212	2,916	5	39,373
Other assets	5,582	51	7	8,657	14,297
Total credit exposures (2)	69,696	164,634	345,768	80,456	660,554

(1) Residential mortgages include SME retail secured by residential property.
(2) Total credit risk exposures do not include equities or securitisation exposures.

Portfolio Type	≤ 12mths $M	1 ≤ 5yrs $M	> 5 years $M	No specified maturity $M	Total $M
	31 December 2009				
Corporate	6,953	64,499	5,349	1,370	78,171
SME corporate	3,551	29,750	12,020	715	46,036
SME retail	1,226	7,682	5,116	162	14,186
Sovereign	5,972	16,497	6,160	1	28,630
Bank	20,781	15,533	1,160	-	37,474
Residential mortgage (1)	11,204	12,786	293,383	50,652	368,025
Qualifying revolving retail	-	-	-	12,377	12,377
Other retail	45	3,225	2,610	2,515	8,395
Specialised lending	11,691	27,311	2,863	-	41,865
Other assets	5,702	92	5	9,850	15,649
Total credit exposures (2)	67,125	177,375	328,666	77,642	650,808

(1) Residential mortgages include SME retail secured by residential property.
(2) Total credit risk exposures do not include equities or securitisation exposures.

4.2 Past Due and Impaired Exposures, Provisions and Reserves

All provisions for impairment assessed on an individual basis in accordance with AIFRS are classified as specific provisions in accordance with APS220 "Credit Quality". Most of the collective provisions raised under AIFRS are included in the general reserve for credit losses ("GRCL"), however, since 31 December 2009, certain collective provisions not eligible for inclusion in the GRCL are classified as specific provisions. This includes, for example, collective provisions on unsecured retail products 90 days or more past due.

Reconciliation of AIFRS and APS220 based credit provisions and APS 330 Table 4f – General reserve for credit losses

	31 December 2010		
	General reserve for credit losses (2) $M	Specific provision (2) $M	Total provisions $M
Collective provision (1)	3,211	116	**3,327**
Individual provisions (1)	-	2,169	**2,169**
Total provisions	3,211	2,285	**5,496**
Additional GRCL requirement (3)	151	-	**151**
Total regulatory provisions	3,362	2,285	**5,647**

(1) Provisions as reported in financial accounts according to AIFRS.

(2) Provisions classified according to APS 220 "Credit Quality".

(3) The Group has recognised an after tax deduction from Tier One Capital of $106 million in order to maintain the required minimum GRCL.

	30 June 2010		
	General reserve for credit losses (2) $M	Specific provision (2) $M	Total provisions $M
Collective provision (1)	3,311	150	3,461
Individual provisions (1)	-	1,992	1,992
Total provisions	3,311	2,142	5,453
Additional GRCL requirement (3)	124	-	124
Total regulatory provisions	3,435	2,142	5,577

(1) Provisions as reported in financial accounts according to AIFRS.

(2) Provisions classified according to APS 220 "Credit Quality".

(3) The Group has recognised an after tax deduction from Tier One Capital of $90 million in order to maintain the required minimum GRCL.

	31 December 2009		
	General reserve for credit losses (2) $M	Specific provision (2) $M	Total provisions $M
Collective provision (1)	3,319	133	3,452
Individual provisions (1)	-	1,822	1,822
Total regulatory provisions (2)	3,319	1,955	5,274

(1) Provisions as reported in financial accounts according to AIFRS.

(2) Provisions classified according to APS 220 "Credit Quality".

The following tables provide a summary of the Group's financial losses by portfolio type, industry and geography.

APS 330 Table 4f (i) – Impaired, past due, specific provisions and write-offs charged by industry sector

	31 December 2010				
Industry Sector	Impaired assets $M	Past due loans ≥ 90 days $M	Specific provision balance (1) $M	Net half year charges for individual provision $M	Half year actual losses (2) $M
Home loans	846	2,562	205	55	46
Other personal	15	191	105	1	254
Asset finance	93	21	27	33	21
Sovereign	-	-	-	-	-
Bank	89	-	80	15	-
Other finance	396	20	206	47	41
Agriculture	402	33	103	7	5
Mining	26	4	15	(4)	3
Manufacturing	209	13	69	7	2
Energy	144	-	24	4	-
Construction	229	35	142	16	30
Wholesale/retail trade	140	33	85	19	21
Transport and storage	217	5	86	63	7
Property	1,641	175	723	199	197
Other	737	132	415	113	147
Total	5,184	3,224	2,285	575	774

(1) Specific Provision Balance includes certain AIFRS collective provisions on some past due loans ≥ 90 days.

(2) Actual losses equal write-offs from individual provisions, write-offs direct from collective provisions less recoveries of amounts previously written off, for the half year ended 31 December 2010.

	30 June 2010				
Industry Sector	Impaired assets $M	Past due loans ≥ 90 days $M	Specific provision balance (1) $M	Net half year charge for individual provision $M	Half year actual losses (2) $M
Home loans	836	2,666	200	11	76
Other personal	19	245	131	25	361
Asset finance	81	27	17	24	28
Sovereign	-	1	-	-	-
Bank	103	-	66	2	1
Other finance	344	13	189	(18)	45
Agriculture	439	52	90	35	15
Mining	88	2	21	6	4
Manufacturing	197	24	62	-	28
Energy	134	-	21	(58)	39
Construction	271	34	132	67	60
Wholesale/retail trade	150	30	85	12	31
Transport and storage	57	5	34	27	3
Property	1,678	129	683	355	137
Other	819	122	411	105	50
Total	5,216	3,350	2,142	593	878

(1) Specific Provision Balance includes certain AIFRS collective provisions on some past due loans ≥ 90 days.

(2) Actual losses equal write-offs from individual provisions, write-offs direct from collective provisions less recoveries of amounts previously written off, for the half year ended 30 June 2010.

APS 330 Table 4f (i) – Impaired, past due, specific provisions and write-offs charged by industry sector (continued)

	31 December 2009				
Industry Sector	Impaired assets $M	Past due loans ≥ 90 days $M	Specific provision balance [1] $M	Net half year charge for individual Provision $M	Half year actual losses [2] $M
Home loans	858	2,393	216	146	41
Other personal	22	243	130	5	243
Asset finance	84	35	19	29	41
Sovereign	-	-	-	-	-
Bank	89	-	65	69	73
Other finance	520	30	277	79	314
Agriculture	256	33	72	(7)	2
Mining	64	2	20	21	4
Manufacturing	191	10	88	12	5
Energy	355	-	124	124	-
Construction	187	21	72	30	12
Wholesale/retail trade	225	34	101	31	20
Transport and storage	18	11	6	5	1
Property	1,180	123	432	225	204
Other	774	91	333	116	158
Total	4,823	3,026	1,955	885	1,118

(1) Specific Provision Balance includes certain AIFRS collective provisions on some past due loans ≥ 90 days.

(2) Actual losses equal write-offs from individual provisions, write-offs direct from collective provisions less recoveries of amounts previously written off, for the half year ended 31 December 2009.

APS 330 Table 4f (ii) – Impaired, past due, specific provisions and write-offs charged by portfolio

Portfolio	As at 31 December 2010 Impaired assets $M	Past due loans ≥ 90 days $M	Specific provision balance (1) $M	Net half year charges for individual provisions $M	Half year actual losses (2) $M
Corporate including SME and specialised lending	4,234	471	1,895	504	474
Sovereign	-	-	-	-	-
Bank	89	-	80	15	-
Residential mortgage	846	2,562	205	55	46
Qualifying revolving retail	-	92	50	-	125
Other retail	15	99	55	1	129
Total	5,184	3,224	2,285	575	774

(1) Specific Provision Balance includes certain AIFRS collective provisions on some past due loans ≥ 90 days.

(2) Actual losses equal write-offs from individual provisions, write-offs direct from collective provisions less recoveries of amounts previously written off, for the half year ended 31 December 2010.

Portfolio	As at 30 June 2010 Impaired assets $M	Past due loans ≥ 90 days $M	Specific provision balance (1) $M	Net half year charges for individual provisions $M	Half year actual losses (2) $M
Corporate including SME and specialised lending	4,258	439	1,745	554	441
Sovereign	-	-	-	-	-
Bank	103	-	66	2	1
Residential mortgage	836	2,666	200	11	76
Qualifying revolving retail	-	100	54	-	144
Other retail	19	145	77	26	216
Total	5,216	3,350	2,142	593	878

(1) Specific Provision Balance includes certain AIFRS collective provisions on some past due loans ≥ 90 days.

(2) Actual losses equal write-offs from individual provisions, write-offs direct from collective provisions less recoveries of amounts previously written off, for the half year ended 30 June 2010.

Portfolio	As at 31 December 2009 Impaired assets $M	Past due loans ≥ 90 days $M	Specific provision balance (1) $M	Net half year charges for individual provisions $M	Half year actual losses (2) $M
Corporate including SME and specialised lending	3,853	391	1,544	666	760
Sovereign	-	-	-	-	-
Bank	89	-	65	69	73
Residential mortgage	858	2,393	216	146	41
Qualifying revolving retail	-	116	62	-	118
Other retail	23	126	68	4	126
Total	4,823	3,026	1,955	885	1,118

(1) Specific Provision Balance includes certain AIFRS collective provisions on some past due loans ≥ 90 days.

(2) Actual losses equal write-offs from individual provisions, write-offs direct from collective provisions less recoveries of amounts previously written off, for the half year ended 31 December 2009.

APS 330 Table 4g (i) – Impaired, past due and specific provisions by geographic region

	31 December 2010		
	Impaired assets	Past due loans ≥ 90 days	Specific provisions balance
Geographic Region (1)	$M	$M	$M
Australia	4,458	2,959	2,060
New Zealand	447	255	85
Other	279	10	140
Total	5,184	3,224	2,285

(1) Balances are disclosed based on the risk domicile of the borrower. The Group's financial statements disclose balances based on the domicile of the lending entity.

	30 June 2010		
	Impaired assets	Past due loans ≥ 90 days	Specific provisions balance
Geographic Region (1)	$M	$M	$M
Australia	4,589	3,039	1,969
New Zealand	432	299	67
Other	195	12	106
Total	5,216	3,350	2,142

(1) Balances are disclosed based on the risk domicile of the borrower. The Group's financial statements disclose balances based on the domicile of the lending entity.

	31 December 2009		
	Impaired assets	Past due loans ≥ 90 days	Specific provisions balance
Geographic Region (1)	$M	$M	$M
Australia	4,158	2,756	1,762
New Zealand	509	258	107
Other	156	12	86
Total	4,823	3,026	1,955

(1) Balances are disclosed based on the risk domicile of the borrower. The Group's financial statements disclose balances based on the domicile of the lending entity.

Impaired loans have reduced slightly over the half, with reductions in Bankwest impaired assets, slightly offset by an increase in other CBA impaired assets. Loans 90 days or more past due have reduced primarily due to improvement in retail arrears in most portfolios. The improvement in CBA retail arrears is largely attributed to further investment in collections.

The Group's GRCL (before tax) by geographic region is distributed as follows:

APS 330 Table 4g (ii) – GRCL by geographic region

	31/12/10	30/06/10	31/12/09
Geographic Region	$M	$M	$M
Australia	**3,093**	3,098	2,987
New Zealand	**165**	187	218
Other	**104**	150	114
Total GRCL	**3,362**	3,435	3,319

APS 330 Table 4h (i) – Movement in collective provisions

Movement in Collective Provisions	31 December 2010 Collective provisions $M
Opening balance	3,461
Net charge against profit and loss	147
Recoveries	54
Other	(9)
Write-offs	(326)
Total collective provisions	3,327
Less collective provisions transferred to specific provisions	(116)
General reserve for credit losses	3,211
Additional GRCL requirement (1)	151
General reserves for credit losses	3,362

(1) The Group has recognised an after tax deduction from Tier One Capital of $106 million in order to maintain the required minimum GRCL.

Movement in Collective Provisions	30 June 2010 Collective provisions $M
Opening balance	3,452
Net charge against profit and loss	403
Recoveries	36
Other	(4)
Write-offs	(426)
Total collective provisions	3,461
Less collective provisions transferred to specific provisions	(150)
General reserve for credit losses	3,311
Additional GRCL requirement (1)	124
General reserves for credit losses	3,435

(1) The Group has recognised an after tax deduction from Tier One Capital of $90 million in order to maintain the required minimum GRCL.

Movement in Collective Provisions	31 December 2009 Collective provisions $M
Opening balance	3,225
Net charge against profit and loss	498
Recoveries	41
Other	(4)
Write-offs	(308)
Total collective provisions	3,452
Less collective provisions transferred to specific provisions	(133)
General reserves for credit losses	3,319

APS 330 Table 4h (ii) – Movement in individual provisions

Movement in Individual Provisions	31/12/10 $M	30/06/10 $M	31/12/09 $M
Opening balance for the period	**1,992**	1,822	1,729
Net new and increased provisioning	**713**	873	989
Net write back of provisions no longer required	**(138)**	(280)	(104)
Discount unwind to interest income	**(79)**	(85)	(84)
Other	**183**	150	143
Write-offs	**(502)**	(488)	(851)
Individual provisions	**2,169**	1,992	1,822
Add collective provisions transferred to specific provisions	**116**	150	133
Specific provisions	**2,285**	2,142	1,955

4.3 Portfolios Subject to Standardised and Supervisory Risk-Weights in the IRB Approaches

Portfolios that use the Standardised approach include:

- Commonwealth Bank of Australia:
  - Some retail SMEs – overdrawn accounts; and
  - Some Corporate and SME Corporate (Non-rated/Non-scored).
- ASB Bank Limited:
  - Personal Loans.
- All exposures in the following entities:
  - Bank of Western Australia Limited (There is a program to extend the Group's advanced accreditation to Bankwest);
  - Commbank Europe Limited; and
  - PT Bank Commonwealth (Indonesia).

APS 330 Table 5b – Exposures subject to standardised and supervisory risk-weights

Standardised Approach Exposures (1)	Exposure After Risk Mitigation (1) 31/12/10 $M	30/06/10 $M	31/12/09 $M
Risk weight			
0%	**7,141**	7,529	6,946
20%	**11,900**	10,590	12,815
35%	**33,814**	32,466	32,268
50%	**9,669**	7,921	7,170
75%	**610**	876	1,062
100%	**30,586**	33,399	34,818
150%	**890**	1,059	1,491
> 150%	**-**	1	4
Capital deductions	**-**	-	-
Total	**94,610**	93,841	96,574

(1) Exposure after credit risk mitigation does not include equity or securitisation exposures.

APS 330 Table 5b – Exposures subject to standardised and supervisory risk-weights (continued)

Other Assets (1)	31 December 2010		
	Exposure	Risk weight	RWA
	$M	%	$M
Cash	5,073	-	-
Cash items in course of collection	219	20	44
Margin lending	4,505	20	901
Fixed assets	1,395	100	1,395
Other	2,279	100	2,279
Total	13,471	34	4,619

Other Assets (1)	30 June 2010		
	Exposure	Risk weight	RWA
	$M	%	$M
Cash	4,553	-	-
Cash items in course of collection	518	20	104
Margin lending	4,822	20	964
Fixed assets	1,405	100	1,405
Other	2,999	100	2,999
Total	14,297	38	5,472

Other Assets (1)	31 December 2009		
	Exposure	Risk weight	RWA
	$M	%	$M
Cash	5,050	-	-
Cash items in course of collection	171	20	34
Margin lending	5,071	20	1,014
Fixed assets	1,631	100	1,631
Other	3,726	100	3,726
Total	15,649	41	6,405

(1) Other Assets are included in Standardised Approach Exposures table above.

Specialised Lending Exposures Subject to Supervisory Slotting (1)	31/12/10	30/06/10	31/12/09
	$M	$M	$M
Risk Weight			
0%	**1,220**	1,000	693
70%	**14,586**	14,080	15,665
90%	**16,523**	16,014	15,386
115%	**6,374**	7,025	8,472
250%	**771**	1,254	1,649
Total exposures	**39,474**	39,373	41,865

(1) APRA requires certain specialised lending exposures including Income Producing Real Estate, Object and Project Finance to be assigned specific risk weights according to "slotting" criteria defined by the regulator.

Equity Exposures	31/12/10	30/06/10	31/12/09
	$M	$M	$M
Risk Weight			
300%	**141**	147	147
400%	**464**	495	522
Total exposures	**605**	642	669

4.4 Portfolios Subject to Internal Ratings Based Approaches

The Group's mapping of internal rating scales for risk-rated exposures to external rating agencies is detailed in APS 330 Table 6b.

APS 330 Table 6b – Internal ratings structure for credit risk exposures

Description	Internal Rating	Probability of Default
Exceptional	A0, A1, A2, A3	0.00% - 0.05%
Strong	B1, B2, B3, C1, C2, C3	0.05% - 0.47%
Pass	D1, D2, D3, E1, E2, E3	0.47% - 4.29%
Weak/doubtful	F, G	> 4.29%
Default	H	100%

Description	S&P Rating	Moody's Rating
Exceptional	AAA, AA+, AA, AA-	Aaa, Aa1, Aa2, Aa3
Strong	A+, A, A-, BBB+, BBB, BBB-	A1, A2, A3, Baa1, Baa2, Baa3
Pass	BB+, BB, BB-, B+, B, B-	Ba1, Ba2, Ba3, B1, B2, B3
Weak/doubtful	CCC, CC, C	Caa, Ca
Default	D	C

APS 330 Table 6c summarises the PD rating methodology applied by the Group to various segments of the credit portfolio.

APS 330 Table 6c – PD rating methodology by portfolio segment

Portfolio Segment	PD Rating Methodology
Bank, sovereign and large corporate exposures	Expert judgement assigned risk rating, informed but not driven by rating agency views.
Middle market and local business banking exposures	PD calculator(s) assigned risk rating.
SME retail exposures < $1m	SME Behaviour Score assigned PD pools.
Consumer retail exposures	For some products PD pools are assigned using product specific Application Scorecards for three to nine months (depending on the product). Behavioural Scorecards are then used to assign PD pools. For other products PD pools are assigned based on facility characteristics including time on books, utilisation, turnover etc.

Credit Risk Exposure Subject to the Basel II Advanced Approach

APS 330 Table 6d (i) provides a breakdown by asset class and PD Band, of the Group's credit risk for non-retail exposures that qualify for calculation of RWA under the Basel II AIRB approach (SME Corporate and SME Retail exposures are included with Corporate exposures).

APS 330 Table 6d (i) – Non-Retail exposures by portfolio type and PD band

	31 December 2010							
	PD Grade							
	0 < 0.03%	0.03% < 0.15%	0.15% < 0.5%	0.5% < 3%	3% < 10%	10% < 100%	Default	Total
Non Retail [1]	$M	$M	$M	$M	$M	$M	$M	$M
Total credit risk exposures								
Corporate	-	20,864	31,365	51,693	6,390	2,651	1,913	**114,876**
Sovereign	26,991	3,206	410	96	10	-	-	**30,713**
Bank	-	28,791	1,309	207	32	-	89	**30,428**
Total	26,991	52,861	33,084	51,996	6,432	2,651	2,002	**176,017**
Undrawn commitments [2]								
Corporate	-	8,285	13,544	8,955	853	118	58	**31,813**
Sovereign	784	478	112	14	-	-	-	**1,388**
Bank	-	1,915	520	102	-	-	-	**2,537**
Total	784	10,678	14,176	9,071	853	118	58	**35,738**
Exposure - weighted average EAD ($M)								
Corporate	-	2. 410	1. 577	0. 055	0. 380	0. 468	0. 361	**0. 931**
Sovereign	6. 676	1. 440	0. 986	0. 041	0. 655	-	-	**6. 031**
Bank	-	7. 813	5. 619	2. 493	1. 147	-	29. 746	**7. 740**
Exposure - weighted average LGD (%)								
Corporate	-	58. 0	54. 0	35. 6	31. 8	32. 3	39. 3	**44. 5**
Sovereign	15. 3	61. 5	61. 8	44. 6	61. 3	-	-	**20. 8**
Bank	-	60. 1	61. 3	55. 6	61. 1	-	61. 3	**60. 1**
Exposure - weighted average risk weight (%)								
Corporate	-	27. 2	54. 1	60. 3	78. 4	146. 2	228. 4	**58. 4**
Sovereign	4. 7	26. 5	82. 7	94. 6	157. 1	-	-	**8. 3**
Bank	-	19. 9	53. 7	85. 4	230. 7	-	5. 6	**22. 0**

(1) Total credit risk exposures do not include specialised lending, equity or securitisation exposures.

(2) The credit exposure value of undrawn commitments included in Total Credit Exposures above.

APS 330 Table 6d (i) – Non-Retail exposures by portfolio type and PD band (continued)

	30 June 2010							
	PD Grade							
	0 < 0.03%	0.03% < 0.15%	0.15% < 0.5%	0.5% < 3%	3% < 10%	10% < 100%	Default	Total
Non Retail [(1)]	$M	$M	$M	$M	$M	$M	$M	$M
Total credit risk exposure								
Corporate	-	22,227	29,874	51,700	6,952	3,035	1,670	115,458
Sovereign	26,713	2,577	432	154	12	-	-	29,888
Bank	-	28,687	1,240	299	15	-	89	30,330
Total	26,713	53,491	31,546	52,153	6,979	3,035	1,759	175,676
Undrawn commitments [(2)]								
Corporate	-	8,222	12,466	9,032	814	137	46	30,717
Sovereign	788	617	110	72	-	-	-	1,587
Bank	-	1,740	364	88	-	-	-	2,192
Total	788	10,579	12,940	9,192	814	137	46	34,496
Exposure - weighted average EAD ($M)								
Corporate	-	2. 372	1. 528	0. 056	0. 370	0. 551	0. 399	0. 920
Sovereign	6. 476	1. 108	1. 260	0. 066	0. 776	-	-	5. 902
Bank	-	7. 397	6. 110	2. 315	0. 517	-	14. 872	7. 313
Exposure - weighted average LGD (%)								
Corporate	-	61. 1	57. 2	40. 1	36. 7	39. 5	44. 1	48. 4
Sovereign	16. 1	65. 0	65. 0	54. 1	65. 0	-	-	21. 3
Bank	-	65. 0	65. 0	55. 1	64. 3	-	65. 0	64. 9
Exposure - weighted average risk weight (%)								
Corporate	-	29. 6	56. 9	67. 4	93. 4	187. 1	303. 4	65. 5
Sovereign	5. 3	34. 0	77. 9	97. 0	168. 4	-	-	9. 4
Bank	-	22. 3	57. 3	107. 9	165. 3	-	38. 9	24. 7

(1) Total credit risk exposures do not include specialised lending, equity or securitisation exposures.
(2) The credit exposure value of undrawn commitments included in Total Credit Exposures above.

APS 330 Table 6d (i) – Non-Retail exposures by portfolio type and PD band (continued)

	31 December 2009							
	PD Grade							
	0 < 0.03%	0.03% < 0.15%	0.15% < 0.5%	0.5% < 3%	3% < 10%	10% < 100%	Default	Total
Non Retail [1]	$M	$M	$M	$M	$M	$M	$M	$M
Total credit risk exposure								
Corporate	-	20,838	31,101	50,503	7,472	2,617	1,900	114,431
Sovereign	25,314	2,234	318	167	11	-	-	28,044
Bank	-	29,285	1,816	238	33	-	89	31,461
Total	25,314	52,357	33,235	50,908	7,516	2,617	1,989	173,936
Undrawn commitments [2]								
Corporate	-	8,556	13,537	8,962	875	200	98	32,228
Sovereign	1,245	146	101	56	-	-	-	1,548
Bank	-	1,329	386	73	-	-	-	1,788
Total	1,245	10,031	14,024	9,091	875	200	98	35,564
Exposure - weighted average EAD ($M)								
Corporate	-	2. 027	1. 434	0. 056	0. 388	0. 508	0. 590	0. 830
Sovereign	4. 450	2. 246	1. 124	0. 066	0. 922	-	-	4. 210
Bank	-	6. 445	4. 681	1. 386	33. 080	-	44. 344	6. 440
Exposure - weighted average LGD (%)								
Corporate	-	60. 0	57. 2	40. 5	36. 6	44. 1	48. 6	48. 5
Sovereign	14. 5	54. 7	65. 0	55. 8	65. 0	-	-	18. 6
Bank	-	64. 5	65. 0	58. 9	65. 0	-	65. 0	64. 5
Exposure - weighted average risk weight (%)								
Corporate	-	26. 1	54. 3	66. 1	93. 5	209. 4	258. 9	63. 9
Sovereign	3. 7	28. 7	55. 0	116. 5	172. 7	-	-	7. 0
Bank	-	18. 5	51. 3	124. 4	167. 5	-	48. 3	21. 4

(1) Total credit risk exposures do not include specialised lending, equity or securitisation exposures.
(2) The credit exposure value of undrawn commitments included in Total Credit Exposures above.

APS 330 Table 6d (ii) provides a breakdown by asset class and PD band, of the Group's credit risk for retail exposures that qualify for calculation of RWA under the Basel II IRB approach.

APS 330 Table 6d (ii) – Retail exposures by portfolio type and PD band

	31 December 2010							
	PD Grade							
	0 < 0.1%	0.1% < 0.3%	0.3% < 0.5%	0.5% < 3%	3% < 10%	10% < 100%	Default	Total
Retail	$M	$M	$M	$M	$M	$M	$M	$M
Total credit risk exposures								
Residential mortgage	70,222	127,273	2,790	115,632	12,792	5,156	2,782	**336,647**
Qualifying revolving retail	-	5,477	98	4,422	2,603	471	182	**13,253**
Other retail	97	58	566	3,517	1,394	331	67	**6,030**
Total	70,319	132,808	3,454	123,571	16,789	5,958	3,031	**355,930**
Undrawn commitments (1)								
Residential mortgage	24,150	15,833	276	11,635	1,131	35	8	**53,068**
Qualifying revolving retail	-	2,786	56	1,341	278	21	39	**4,521**
Other retail	96	39	467	324	22	15	-	**963**
Total	24,246	18,658	799	13,300	1,431	71	47	**58,552**
Exposure - weighted average EAD ($M)								
Residential mortgage	0. 172	0. 205	0. 076	0. 180	0. 111	0. 205	0. 222	**0. 185**
Qualifying revolving retail	-	0. 004	0. 006	0. 005	0. 008	0. 007	0. 009	**0. 005**
Other retail	0. 003	0. 003	0. 005	0. 008	0. 005	0. 002	0. 003	**0. 007**
Exposure - weighted average LGD (%)								
Residential mortgage	20. 0	20. 0	23. 5	20. 6	22. 2	20. 5	20. 8	**20. 3**
Qualifying revolving retail	-	85.1	86.0	85.8	86.2	86.2	85.5	**85. 6**
Other retail	37. 7	34. 7	82. 2	97. 9	96. 2	89. 2	88. 9	**93. 9**
Exposure - weighted average risk weight (%)								
Residential mortgage	3. 2	8. 9	15. 3	24. 3	68. 0	108. 9	-	**16. 8**
Qualifying revolving retail	-	10. 4	17. 0	40. 7	127. 6	223. 8	-	**51. 0**
Other retail	7. 2	17. 9	48. 1	102. 0	137. 7	181. 5	0. 2	**106. 1**

(1) The credit exposure value of undrawn commitments included in Total Credit Risk Exposures above.

APS 330 Table 6d (ii) – Retail exposures by portfolio type and PD band – (continued)

	30 June 2010							
	PD Grade							
	0 < 0.1%	**0.1% < 0.3%**	**0.3% < 0.5%**	**0.5% < 3%**	**3% < 10%**	**10% < 100%**	**Default**	**Total**
Retail	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
Total credit risk exposures								
Residential mortgage	70,028	121,975	20,667	99,356	12,146	6,044	2,712	332,928
Qualifying revolving retail	-	5,027	94	4,275	2,592	520	185	12,693
Other retail	100	63	607	3,315	1,481	342	85	5,993
Total	70,128	127,065	21,368	106,946	16,219	6,906	2,982	351,614
Undrawn commitments (1)								
Residential mortgage	22,674	14,934	2,311	10,969	1,065	36	11	52,000
Qualifying revolving retail	-	2,658	56	1,337	282	25	29	4,387
Other retail	99	39	510	344	24	2	-	1,018
Total	22,773	17,631	2,877	12,650	1,371	63	40	57,405
Exposure - weighted average EAD ($M)								
Residential mortgage	0. 153	0. 212	0. 102	0. 254	0. 284	0. 230	0. 225	0. 208
Qualifying revolving retail	-	0. 004	0. 006	0. 004	0. 007	0. 007	0. 009	0. 005
Other retail	0. 003	0. 003	0. 005	0. 007	0. 005	0. 003	0. 003	0. 006
Exposure - weighted average LGD (%)								
Residential mortgage	20. 4	20. 1	22. 9	20. 5	23. 3	21. 0	20. 8	20. 6
Qualifying revolving retail	-	84. 9	85. 9	85. 6	86. 2	86. 2	85. 7	85. 5
Other retail	37. 7	35. 3	82. 1	97. 3	95. 5	93. 4	90. 7	93. 4
Exposure - weighted average risk weight (%)								
Residential mortgage	3. 2	8. 9	13. 0	24. 5	74. 0	111. 9	-	16. 8
Qualifying revolving retail	-	10. 3	17. 0	40. 9	128. 2	223. 5	-	53. 3
Other retail	7. 2	18. 1	48. 0	101. 2	135. 9	187. 0	4. 7	105. 5

(1) The credit exposure value of undrawn commitments included in Total Credit Risk Exposures above.

APS 330 Table 6d (ii) – Retail exposures by portfolio type and PD band – (continued)

	31 December 2009							
	PD Grade							
	0 < 0.1%	0.1% < 0.3%	0.3% < 0.5%	0.5% < 3%	3% < 10%	10% < 100%	Default	Total
Retail	$M	$M	$M	$M	$M	$M	$M	$M
Total credit risk exposures								
Residential mortgage	65,293	106,701	19,099	105,927	15,887	5,590	2,302	320,799
Qualifying revolving retail	-	5,136	100	4,107	2,378	483	175	12,379
Other retail	102	70	527	3,340	1,478	352	73	5,942
Total	65,395	111,907	19,726	113,374	19,743	6,425	2,550	339,120
Undrawn commitments (1)								
Residential mortgage	21,662	15,332	2,256	12,084	1,273	37	3	52,647
Qualifying revolving retail	-	2,576	57	1,280	262	22	25	4,222
Other retail	101	39	440	396	22	2	-	1,000
Total	21,763	17,947	2,753	13,760	1,557	61	28	57,869
Exposure - weighted average EAD ($M)								
Residential mortgage	0. 154	0. 205	0. 104	0. 243	0. 344	0. 231	0. 322	0. 210
Qualifying revolving retail	-	0. 004	0. 006	0. 004	0. 007	0. 006	0. 008	0. 005
Other retail	0. 003	0. 004	0. 004	0. 008	0. 005	0. 004	0. 004	0. 006
Exposure - weighted average LGD (%)								
Residential mortgage	20. 4	20. 1	23. 2	20. 5	22. 7	21. 2	20. 8	20. 6
Qualifying revolving retail	-	84. 1	86. 0	84. 7	85. 6	85. 5	85. 1	84. 7
Other retail	37. 7	34. 7	82. 0	97. 0	95. 7	93. 8	91. 4	93. 3
Exposure - weighted average risk weight (%)								
Residential mortgage	3. 2	8. 8	13. 2	24. 5	67. 4	112. 9	-	17. 7
Qualifying revolving retail	-	10. 2	17. 0	40. 2	127. 1	223. 0	-	50. 8
Other retail	7. 2	17. 5	48. 0	100. 6	136. 3	188. 8	5. 4	106. 3

(1) The credit exposure value of undrawn commitments included in Total Credit Risk Exposures above.

Analysis of Losses

The following tables provide an analysis of the Group's financial losses by portfolio type (APS 330 Table 6e) and a comparison of losses on advanced portfolios against the Group's internal estimate of expected loss and regulatory expected loss estimates (APS 330 Table 6f, page 33). The Group's internal estimates in 6f are prepared and disclosed on a 12 month basis with all other data provided in table 6e and 6f prepared and disclosed on a six month or 12 month basis in line with reporting periods covered.

APS 330 Table 6e – Analysis of losses by portfolio type

	31 December 2010		
	Half year losses in reporting period		
	Gross write-offs	Recoveries	Actual losses
Portfolio Type	$M	$M	$M
Corporate including SME and specialised lending	481	(7)	474
Sovereign	-	-	-
Bank	-	-	-
Residential mortgage	46	-	46
Qualifying revolving retail	145	(20)	125
Other retail	156	(27)	129
Total	828	(54)	774

	30 June 2010		
	Full year losses in reporting period		
	Gross write-offs	Recoveries	Actual losses
Portfolio Type	$M	$M	$M
Corporate including SME and specialised lending	1,210	(9)	1,201
Sovereign	-	-	-
Bank	74	-	74
Residential mortgage	120	(3)	117
Qualifying revolving retail	294	(32)	262
Other retail	375	(33)	342
Total	2,073	(77)	1,996

	31 December 2009		
	Half year losses in reporting period		
	Gross write-offs	Recoveries	Actual losses
Portfolio Type	$M	$M	$M
Corporate including SME and specialised lending	768	(8)	760
Sovereign	-	-	-
Bank	73	-	73
Residential mortgage	42	(1)	41
Qualifying revolving retail	134	(16)	118
Other retail	142	(16)	126
Total	1,159	(41)	1,118

APS 330 Table 6f – Historical loss analysis by portfolio type

	31 December 2010		
	Half year actual loss $M	Bank internal model one year expected loss estimate $M	Regulatory one year expected loss estimate $M
Corporate including SME and specialised lending	258	526	2,147
Sovereign	-	2	3
Bank	-	14	84
Residential mortgage	45	329	1,326
Qualifying revolving retail	125	248	485
Other retail	79	180	248
Total advanced	507	1,299	4,293

	30 June 2010		
	Full year actual loss $M	Bank internal model one year expected loss estimate $M	Regulatory one year expected loss estimate $M
Corporate including SME and specialised lending	785	782	2,125
Sovereign	-	3	4
Bank	74	15	71
Residential mortgage	107	338	1,362
Qualifying revolving retail	262	341	496
Other retail	204	203	274
Total advanced	1,432	1,682	4,332

	31 December 2009		
	Half year actual loss $M	Bank internal model one year expected loss estimate $M	Regulatory one year expected loss estimate $M
Corporate including SME and specialised lending	577	850	2,205
Sovereign	-	2	3
Bank	73	13	70
Residential mortgage	39	349	1,267
Qualifying revolving retail	117	319	464
Other retail	104	200	268
Total advanced	910	1,733	4,277

Analysis of Losses

There are a number of reasons as to why the actual losses will differ from expected loss (internal model and regulatory estimate). For example:

- Actual losses are historical and are based on the quality of the assets in the prior period, write-offs and recent economic conditions;
- Expected losses (EL) measure economic losses and include costs (e.g. internal workout costs) not included in actual losses;
- Group internal EL is a forward estimate of the loss rate given the quality (grade distribution) of the non-defaulted assets at a point in time based on the Group's estimated long run PDs and LGDs. In most years actual losses will be below long run losses;
- Regulatory EL for AIRB portfolios is based on the quality of exposures at a point in time using long run PDs and downturn LGDs as required by APRA. Again, in most years actual losses would be below the regulatory EL estimate;
- Regulatory EL for AIRB portfolios is reported for both defaulted and non-defaulted exposures. For non-defaulted exposures, regulatory EL is a function of long-run PD and downturn LGD. For defaulted exposures, Regulatory EL is based on the best estimate of loss which for the non-retail portfolios is the individually assessed provisions; and
- Regulatory EL for Specialised Lending exposures is determined by the "slotting" approach mandated by APRA which is more punitive than under the AIRB approach.

Regulatory EL decreased $39 million on the prior half to $4.3 billion, mainly as a result of:

- A $73 million decrease related to the retail asset classes as a result of reduced arrears; and
- A net increase of $34 million in non-retail expected loss largely reflecting the re-rating of some Advanced Corporate and Specialised Lending facilities to default status.

4.5 Credit Risk Mitigation

APS 330 Table 7b and 7c – Credit risk mitigation

	31 December 2010				
	Total exposure (1) $M	Eligible financial collateral $M	Exposures covered by guarantees $M	Exposures covered by credit derivatives $M	Coverage %
Advanced approach					
Corporate	67,208	-	763	9	1. 1
SME corporate	38,561	-	-	25	0. 1
SME retail	9,107	-	-	-	-
Sovereign	30,713	-	-	-	-
Bank	30,428	-	436	358	2. 6
Residential mortgage	336,647	-	-	-	-
Qualifying revolving retail	13,253	-	-	-	-
Other retail	6,030	-	-	-	-
Total advanced approach	531,947	-	1,199	392	0. 3
Specialised lending	39,474	-	-	-	-
Standardised approach					
Corporate	8,165	135	-	-	1. 7
SME corporate	7,813	79	-	-	1. 0
SME retail	5,279	15	-	-	0. 3
Sovereign	390	-	-	-	-
Bank	7,759	-	45	-	0. 6
Residential mortgage	49,247	65	-	-	0. 1
Other retail	2,554	3	-	-	0. 1
Other assets	13,471	-	-	-	-
Total standardised approach	94,678	297	45	-	0. 4
Total exposures	666,099	297	1,244	392	0. 3

(1) Credit derivatives that are treated as part of synthetic securitisation structures are excluded from credit risk mitigation disclosures and included within those relating to securitisation.

APS 330 Table 7b and 7c – Credit risk mitigation (continued)

	30 June 2010				
	Total exposure (1)	Eligible financial collateral	Exposures covered by guarantees	Exposures covered by credit derivatives	Coverage
	$M	$M	$M	$M	%
Advanced approach					
Corporate	66,880	-	855	9	1. 3
SME corporate	39,450	-	-	40	0. 1
SME retail	9,128	-	-	-	-
Sovereign	29,888	-	-	-	-
Bank	30,330	-	358	437	2. 6
Residential mortgage	332,928	-	-	-	-
Qualifying revolving retail	12,693	-	-	-	-
Other retail	5,993	-	-	-	-
Total advanced approach	527,290	-	1,213	486	0. 3
Specialised lending	39,373	-	-	-	
Standardised approach					
Corporate	8,975	114	-	-	1. 3
SME corporate	7,955	68	-	-	0. 9
SME retail	5,473	12	-	-	0. 2
Sovereign	1,250	-	-	-	-
Bank	5,903	-	27	-	0. 5
Residential mortgage	47,462	69	-	-	0. 1
Other retail	2,576	2	-	-	0. 1
Other assets	14,297	-	-	-	-
Total standardised approach	93,891	265	27	-	0. 3
Total exposures	660,554	265	1,240	486	0. 3

(1) Credit derivatives that are treated as part of synthetic securitisation structures are excluded from credit risk mitigation disclosures and included within those relating to securitisation.

	31 December 2009				
	Total exposure (1)	Eligible financial collateral	Exposures covered by guarantees	Exposures covered by credit derivatives	Coverage
	$M	$M	$M	$M	%
Advanced approach					
Corporate	67,074	-	872	39	1. 4
SME corporate	38,432	-	-	-	-
SME retail	8,925	-	-	-	-
Sovereign	28,044	-	-	-	-
Bank	31,461	-	364	202	1. 8
Residential mortgage	320,800	-	-	-	-
Qualifying revolving retail	12,377	-	-	-	-
Other retail	5,941	-	-	-	-
Total advanced approach	513,054	-	1,236	241	0. 3
Specialised lending	41,865	-	-	-	
Standardised approach					
Corporate	11,097	104	-	-	0. 9
SME corporate	7,604	65	-	-	0. 9
SME retail	5,261	8	-	-	0. 2
Sovereign	586	-	-	-	-
Bank	6,013	-	21	-	0. 3
Residential mortgage	47,225	52	-	-	0. 1
Other retail	2,454	3	-	-	0. 1
Other assets	15,649	-	-	-	-
Total standardised approach	95,889	232	21	-	0. 3
Total exposures	650,808	232	1,257	241	0. 3

(1) Credit derivatives that are treated as part of synthetic securitisation structures are excluded from credit risk mitigation disclosures and included within those relating to securitisation.

4.6 Securitisation

APS 330 Table 9d (i) – Total outstanding exposures securitised – traditional securitisations

	31 December 2010			
Underlying Asset	Bank originated assets (1) $M	Third party originated assets (2) $M	Facilities provided (3) $M	Other $M
Residential mortgage	9,583	738	1,878	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	220	-	-
Total	9,583	958	1,878	-

	30 June 2010			
Underlying Asset	Bank originated assets (1) $M	Third party originated assets (2) $M	Facilities provided (3) $M	Other $M
Residential mortgage	9,696	-	1,475	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	9,696	-	1,475	-

	31 December 2009			
Underlying Asset	Bank originated assets (1) $M	Third party originated assets (2) $M	Facilities provided (3) $M	Other $M
Residential mortgage	10,884	-	1,884	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	10,884	-	1,884	-

(1) Bank originated assets comprise the Medallion and Swan Trusts but exclude those assets held for contingent liquidity purposes.

(2) The Bank does not have any indirect origination i.e. the Bank does not use a third party to originate exposures into an SPV without those exposures having appeared on the Bank's Balance Sheets.

(3) Facilities provided include liquidity facilities, derivatives etc. provided to the Medallion Trusts and facilities provided to clients' term or ABCP securitisation programmes.

APS 330 Table 9d (ii) – Total outstanding exposures securitised – synthetic securitisations

	31 December 2010			
	Bank originated assets	Third party originated assets	Facilities provided	Other
Underlying Asset	$M	$M	$M	$M
Residential mortgage	-	-	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	-	-	-	-

	30 June 2010			
	Bank originated assets	Third party originated assets	Facilities provided	Other
Underlying Asset	$M	$M	$M	$M
Residential mortgage	-	-	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	-	-	-	-

	31 December 2009			
	Bank originated assets	Third party originated assets	Facilities provided	Other
Underlying Asset	$M	$M	$M	$M
Residential mortgage	-	-	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	-	-	-	-

APS 330 Table 9d (iii) – Total outstanding exposures securitised

Underlying Asset	31 December 2010			
	Bank originated assets (1) $M	Third party originated assets (2) $M	Facilities provided (3) $M	Other $M
Residential mortgage	9,583	738	1,878	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	220	-	-
Total	9,583	958	1,878	-

Underlying Asset	30 June 2010			
	Bank originated assets (1) $M	Third party originated assets (2) $M	Facilities provided (3) $M	Other $M
Residential mortgage	9,696	-	1,475	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	9,696	-	1,475	-

Underlying Asset	31 December 2009			
	Bank originated assets (1) $M	Third party originated assets (2) $M	Facilities provided (3) $M	Other $M
Residential mortgage	10,884	-	1,884	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	10,884	-	1,884	-

(1) Bank originated assets comprise the Medallion and Swan Trusts but exclude those assets held for contingent liquidity purposes.

(2) The Bank does not have any indirect origination i.e. the Bank does not use a third party to originate exposures into an SPV without those exposures having appeared on the Bank's Balance Sheets.

(3) Facilities provided include liquidity facilities, derivatives etc. provided to the Medallion Trusts and facilities provided to clients' term or ABCP securitisation programmes.

APS 330 Table 9e – Analysis of past due and impaired securitisation exposures by asset type

	31 December 2010			
	Group originated assets securitised			
	Outstanding exposure	Impaired	Past due	Losses recognised
Underlying Asset	$M	$M	$M	$M
Residential mortgage	10,321	12	316	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	220	-	2	-
Total	10,541	12	318	-

	30 June 2010			
	Group originated assets securitised			
	Outstanding exposure	Impaired	Past due (1)	Losses recognised
Underlying Asset	$M	$M	$M	$M
Residential mortgage	9,696	14	332	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	9,696	14	332	-

(1) Restated to report the loan balance in arrears consistent with prior and current periods.

	31 December 2009			
	Group originated assets securitised			
	Outstanding exposure	Impaired	Past due	Losses recognised
Underlying Asset	$M	$M	$M	$M
Residential mortgage	10,884	31	350	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	10,884	31	350	-

APS 330 Table 9f – Analysis of securitisation exposure by facility type

Securitisation Facility Type	31/12/10 Exposure $M	30/06/10 Exposure $M	31/12/09 Exposure $M
Liquidity support facilities	**346**	767	882
Warehouse facilities	**4,993**	4,759	5,166
Derivative transactions	**1,788**	1,386	1,328
Holdings of securities (banking book)	**1,944**	1,744	1,921
Other	**11**	29	85
Total securitisation exposures in the banking book	**9,082**	8,685	9,382
Holdings of securities (trading book)	**43**	139	114
Total securitisation exposures	**9,125**	8,824	9,496

APS 330 Table 9g (i) – Analysis of securitisation exposure by risk weighting(1)

Risk Weight Band	31 December 2010 Exposure $M	31 December 2010 Capital requirement $M
≤ 25%	8,117	934
> 25% ≤ 35%	201	70
> 35% ≤ 50%	2	1
> 50% ≤ 75%	370	271
> 75% ≤ 100%	56	56
> 100% ≤ 650%	259	562
> 650% < 1250%	-	-
Total (1)	9,005	1,894

Risk Weight Band	30 June 2010 Exposure $M	30 June 2010 Capital requirement $M
≤ 25%	8,211	1,074
> 25% ≤ 35%	-	-
> 35% ≤ 50%	6	2
> 50% ≤ 75%	209	157
> 75% ≤ 100%	297	178
> 100% ≤ 650%	105	158
> 650% < 1250%	-	-
Total (1)	8,828	1,569

Risk Weight Band	31 December 2009 Exposure $M	31 December 2009 Capital requirement $M
≤ 25%	8,690	1,087
> 25% ≤ 35%	-	-
> 35% ≤ 50%	-	-
> 50% ≤ 75%	214	160
> 75% ≤ 100%	321	249
> 100% ≤ 650%	157	466
> 650% < 1250%	-	-
Total (1)	9,382	1,962

(1) Securitisation exposures held in the trading book are subject to the VaR capital model based capital calculation and are reported in the market risk sections of this report. They are not included in the above table.

APS 330 Table 9g (ii) – Securitisation exposures deducted from capital

Underlying Asset Type	31 December 2010 Deductions from Tier One Capital $M	 Deductions from Tier Two Capital $M	 Total $M
Residential mortgage	14	9	23
Credit cards and other personal loans	-	-	-
Auto and equipment finance	2	2	4
Commercial loans	25	25	50
Other	-	-	-
Total	41	36	77

Underlying Asset Type	30 June 2010 Deductions from Tier One Capital $M	 Deductions from Tier Two Capital $M	 Total $M
Residential mortgage	10	10	20
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	34	34	68
Other	-	-	-
Total	44	44	88

Underlying Asset Type	31 December 2009 Deductions from Tier One Capital $M	 Deductions from Tier Two Capital $M	 Total $M
Residential mortgage	30	30	60
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	3	3	6
Total	33	33	66

APS 330 Table 9h – Analysis of securitisation exposure subject to early amortisation

31 December 2010

	Aggregate drawn exposure		Aggregate IRB capital charge against Bank's retained shares from:		Aggregate IRB capital charge against investor's shares of:	
	Sellers interest	Investor's interest	Drawn balances	Undrawn lines	Drawn balances	Undrawn lines
Underlying Asset Type	$M	$M	$M	$M	$M	$M
Residential mortgage	-	-	-	-	-	-
Credit cards and other personal loans	-	-	-	-	-	-
Auto and equipment finance	-	-	-	-	-	-
Commercial loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	-	-	-	-	-	-

30 June 2010

	Aggregate drawn exposure		Aggregate IRB capital charge against Bank's retained shares from:		Aggregate IRB capital charge against investor's shares of:	
	Sellers interest	Investor's interest	Drawn balances	Undrawn lines	Drawn balances	Undrawn lines
Underlying Asset Type	$M	$M	$M	$M	$M	$M
Residential mortgage	-	-	-	-	-	-
Credit cards and other personal loans	-	-	-	-	-	-
Auto and equipment finance	-	-	-	-	-	-
Commercial loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	-	-	-	-	-	-

31 December 2009

	Aggregate drawn exposure		Aggregate IRB capital charge against Bank's retained shares from:		Aggregate IRB capital charge against investor's shares of:	
	Sellers interest	Investor's interest	Drawn balances	Undrawn lines	Drawn balances	Undrawn lines
Underlying Asset Type	$M	$M	$M	$M	$M	$M
Residential mortgage	-	-	-	-	-	-
Credit cards and other personal loans	-	-	-	-	-	-
Auto and equipment finance	-	-	-	-	-	-
Commercial loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	-	-	-	-	-	-

APS 330 Table 9i – Securitised assets under the standardised approach

Bankwest securitisation exposures are subject to the Standardised approach and are incorporated in APS 330 Tables 9g (page 41).

APS 330 Table 9j (i) – Securitisation activity for the reporting period

	Half year ended 31 December 2010	
Underlying Asset Type	Value of loans sold or originated into securitisation $M	Recognised gain or loss on sale $M
Residential mortgage	1,000	-
Credit cards and other personal loans	-	-
Auto and equipment finance	-	-
Commercial loans	-	-
Other	212	-
Total	1,212	-

	Half year ended 30 June 2010	
Underlying Asset Type	Value of loans sold or originated into securitisation $M	Recognised gain or loss on sale $M
Residential mortgage	-	-
Credit cards and other personal loans	-	-
Auto and equipment finance	-	-
Commercial loans	-	-
Other	-	-
Total	-	-

	Half year ended 31 December 2009	
Underlying Asset Type	Value of loans sold or originated into securitisation $M	Recognised gain or loss on sale $M
Residential mortgage	-	-
Credit cards and other personal loans	-	-
Auto and equipment finance	-	-
Commercial loans	-	-
Other	-	-
Total	-	-

APS 330 Table 9j (ii) – New facilities provided in six month reporting period

New Facilities Provided	31/12/10 Notional amount $M	30/06/10 Notional amount $M	31/12/09 Notional amount $M
Liquidity support facilities	**16**	58	-
Warehouse facilities	**308**	-	-
Derivative transactions	**1,209**	620	-
Other	**5**	-	-
Total	**1,538**	678	-

5. Equity Risk

APS 330 Table 13b to 13f – Equity investment exposures

Equity Investments	31 December 2010 Balance sheet value $M	Fair value (2) $M
Value of listed (publicly traded) equities	578	504
Value of unlisted (privately held) equities	1,578	1,578
Total (1)	2,156	2,082

(1) Equity holdings comprise $1,683 million Investments in Associates, $29 million Assets Held for Sale and $444 million Available for Sale Securities.

(2) Fair value represents the quoted price of listed securities. The difference between balance sheet value and fair value is due to the Group's listed securities being equity accounted as required under the accounting standards.

Equity Investments	30 June 2010 Balance sheet value $M	Fair value (2) $M
Value of listed (publicly traded) equities	578	548
Value of unlisted (privately held) equities	1,427	1,427
Total (1)	2,005	1,975

(1) Equity holdings comprise $1,490 million Investments in Associates, $40 million Assets Held for Sale and $475 million Available for Sale Securities.

(2) Fair value represents the quoted price of listed securities. The difference between balance sheet value and fair value is due to the Group's listed securities being equity accounted as required under the accounting standards.

Equity Investments	31 December 2009 Balance sheet value $M	Fair value (2) $M
Value of listed (publicly traded) equities	557	539
Value of unlisted (privately held) equities	1,357	1,357
Total (1)	1,914	1,896

(1) Equity holdings comprise $1,339 million Investments in Associates, $219 million Assets Held for Sale and $356 million Available for Sale Securities.

(2) Fair value represents the quoted price of listed securities. The difference between balance sheet value and fair value is due to the Group's listed securities being equity accounted as required under the accounting standards.

	Half year ended		
Gain/(Losses) on Equity Investments	**31/12/10 $M**	**30/06/10 $M**	**31/12/09 $M**
Cumulative realised gains in reporting period	**-**	1	34
Total unrealised losses (gains)	**(8)**	1	100
Total unrealised gains included in Tier One/Tier Two Capital	**20**	15	14

Risk Weighted Assets	31/12/10 $M	30/06/10 $M	31/12/09 $M
Equity investments subject to a 300% risk weight	**424**	441	440
Equity investments subject to a 400% risk weight	**1,856**	1,979	2,088
Total RWA	**2,280**	2,420	2,528

	Total Credit Exposure		
Equity Exposures	**31/12/10 $M**	**30/06/10 $M**	**31/12/09 $M**
Equity investments subject to a 300% risk weight	**141**	147	147
Equity investments subject to a 400% risk weight	**464**	495	522
Total equity exposure	**605**	642	669

The Group has no equity investments that are subject to any supervisory transition or grandfathering provisions regarding capital requirements.

6 Market Risk

6.1 Traded Market Risk

The breakdown of Traded Market Risk RWA by modelling method is summarised below:

Traded Market Risk RWA by Modelling Approach	31/12/10 $M	30/06/10 $M	31/12/09 $M
Internal model Method	**1,724**	1,465	1,845
Standard Method	**2,149**	2,038	2,188
Total Traded Market Risk RWA	**3,873**	3,503	4,033

APS 330 Table 10b – Traded Market Risk under the Standard Method

Exposure Type	31/12/10 $M	30/06/10 $M	31/12/09 $M
Interest Rate risk	**163. 2**	156. 1	167. 6
Equity risk	**4. 6**	4. 4	6. 4
Foreign Exchange risk	**1. 2**	1. 3	0. 2
Commodity risk	**2. 9**	1. 2	0. 8
Total	**171. 9**	163. 0	175. 0
Risk Weighted Asset equivalent (1)	**2,148. 8**	2,037. 5	2,187. 5

(1) Risk Weighted Asset equivalent is the capital requirements multiplied by 12.5 in accordance with APRA Prudential Standard APS 110.

APS 330 Table 11d – Value at Risk for trading portfolios under the internal model approach

	Aggregate VaR at Risk Over the Reporting Period			
Average VaR (1)	**Mean value $M**	**Maximum value $M**	**Minimum value $M**	**As at balance date $M**
Over the 6 months to 31 December 2010	41	65	29	46
Over the 6 months to 30 June 2010	41	50	34	43
Over the 6 months to 31 December 2009	42	62	19	48

Summary Table of the Number of Back-Testing Outliers (2)	
Over the 6 months to 31 December 2010	-
Over the 6 months to 30 June 2010	-
Over the 6 months to 31 Deccember 2009	1

(1) 10 day, 99% confidence interval over the reporting period.

(2) 1 day, 99% confidence interval over the reporting period.

Internal Model Approach – VaR Outliers

There were no back-testing outliers over the 6 months to 31 December 2010.

	Over the Reporting Period 1 July 2010 to 31 December 2010	
	Hypothetical loss	VaR 99%
Date	$M	$M
-	-	-

	Over the Reporting Period 1 January 2010 to 30 June 2010	
	Hypothetical loss	VaR 99%
Date	$M	$M
-	-	-

	Over the Reporting Period 1 July 2009 to 31 December 2009	
	Hypothetical loss	VaR 99%
Date	$M	$M
27 November 2009	12. 5	9. 0

6.2 Non-Traded Market Risk

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

	Change in Economic Value		
	31/12/10	30/06/10	31/12/09
Stress Testing: Interest Rate Shock Applied	$M	$M	$M
AUD			
200 basis point parallel increase	**(293)**	69	(285)
200 basis point parallel decrease	**334**	(54)	332
NZD			
200 basis point parallel increase	**(119)**	(134)	(126)
200 basis point parallel decrease	**126**	142	134
Other			
200 basis point parallel increase	**(6)**	(6)	(9)
200 basis point parallel decrease	**6**	6	9

	31/12/10	30/06/10	31/12/09
Regulatory RWA	$M	$M	$M
Interest rate risk in the banking book [(1)]	**17,033**	10,272	16,601

(1) Risk weighted asset equivalent is the capital requirements multiplied by 12.5 in accordance with APRA Prudential Standard APS 110.

7 Operational Risk

APS 330 Table 16c – Capital requirements for operational risk (risk weighted assets)

	31/12/2010	30/06/2010	31/12/2009
	$M	$M	$M
Advanced measurement approach	**16,234**	16,684	15,154
Standardised approach	**3,815**	3,599	3,195
Total operational risk RWA	**20,049**	20,283	18,349

8 Appendices

8.1 Detailed Capital Disclosures

Fundamental Tier One Capital

The Group's fundamental capital is comprised of ordinary share capital, reserves, and retained earnings (including current period profits net of allowance for expected dividends).

Ordinary Share Capital for regulatory purposes

Ordinary Share Capital	31/12/10 $M	30/06/10 $M	31/12/09 $M
Ordinary share capital	**23,083**	23,081	22,344
Add back treasury shares (1)	**301**	298	262
Ordinary share capital for regulatory purposes	**23,384**	23,379	22,606

(1) Represents shares of the Bank held by the Group's life insurance operations and employee share scheme trusts.

Reserves balance included in regulatory capital

The table below details the reserve accounts that qualify as Tier One Capital.

Reserves (1)	31/12/10 $M	30/06/10 $M	31/12/09 $M
General reserve	**1,155**	1,248	1,210
Capital reserve	**323**	319	303
Foreign currency translation reserve (2)	**(912)**	(545)	(612)
Total reserves balance included in regulatory capital	**566**	1,022	901

(1) Regulatory capital excludes cash flow hedge reserve, employee compensation reserve, available for sale investment reserve and asset revaluation reserve from Tier One Capital. Upper Tier Two Capital allows for the inclusion of 45% of the asset revaluation reserve balance.

(2) Excludes balances related to non consolidated subsidiaries.

Retained Earnings (including Current Year Earnings)

Through the use of dividend policy and strategy, retained earnings (including current period profits) are a significant mechanism by which the Group's capital is managed. There are a number of reconciling items between accounting designated retained earnings and that amount which qualifies as Tier One Capital. This primarily includes allowance for expected dividends and expected share issues associated with the dividend reinvestment program.

The table below details the Retained Earnings and Current Period Profits that qualify as Tier One Capital.

Retained and current period profits included in regulatory capital

	31/12/10 $M	30/06/10 $M	31/12/09 $M
Retained earnings and current period profits	**10,534**	9,938	9,320
Less expected dividend	**(2,045)**	(2,633)	(1,841)
Add back estimated reinvestment under dividend reinvestment plan (1)	**511**	-	608
Retained earnings adjustment for non-consolidated subsidiaries (2)	**230**	392	752
Other	**(63)**	(52)	(91)
Total included in regulatory capital	**9,167**	7,645	8,748

(1) Dividend Reinvestment Plan (DRP) in respect of the December 2010 interim dividend to be satisfied through the issue of shares, with assumed rate based on reinvestment experience as approved by APRA. The DRP in respect of the June 2010 final dividend was satisfied in full by an on market purchase of shares. The DRP in respect of the December 2009 interim dividend was satisfied through the issue of shares.

(2) Represents retained earnings adjustment for non-consolidated subsidiaries. This includes adjustments to the extent to which profits from non-consolidated subsidiaries are not repatriated back to the Bank in dividends (Current period profits retained: December 2010: $162 million, June 2010: $360 million, December 2009: nil). The retention of these profits will be used to fund the future growth of these operations. This has been partially offset by the one-off write back adjustments upon adoption of AIFRS of $752 million.

Residual Tier One Capital

The Group's Residual Tier One Capital instruments are comprised of both innovative capital and non-innovative capital.

Residual Capital eligible for inclusion as Tier One Capital is subject to an APRA prescribed limit of 25% of Tier One Capital with any excess transferred to Upper Tier Two Capital, subject to transitional arrangements which ceased on 1 January 2010.

Innovative Capital

The following innovative capital instruments were current at 31 December 2010:

Innovative Capital (1)	31/12/10 $M	30/06/10 $M	31/12/09 $M
PERLS III	**1,147**	1,147	1,147
Trust preferred securities 2003	**540**	642	613
Trust preferred securities 2006	**939**	939	939
ASB preference shares	**505**	505	505
Perpetual exchangeable floating rate notes	**198**	236	225
Total Innovative Capital	**3,329**	3,469	3,429

(1) Represents AUD equivalent net of issue cost.

PERLS III

Perpetual Exchangeable Repurchaseable Listed Shares (PERLS III) were issued in 2006 and are classified as Loan Capital in the Group's balance sheet.

Trust Preferred Securities

The Group has on issue Trust Preferred Securities (TPS) issued in 2003 and 2006.

The TPS 2003 securities are classified as Loan Capital in the Group's balance sheet.

The TPS 2006 securities are classified as Other Equity Instruments in the Group's balance sheet and reflect the fact there is no contractual obligation to deliver cash or another financial asset to the holder. Due to the equity nature of the securities they are revalued back to Australian dollars at the historical exchange rate.

ASB Preference Shares

The Group has issued preference shares through two subsidiary entities, ASB Capital and ASB Capital No 2. These preference shares are classified as minority interests for accounting purposes.

Perpetual Exchangeable Floating Rate Notes

The Group has three US denominated perpetual exchangeable floating rate notes on issue. These instruments are classified as Loan Capital in the Group's balance sheet.

Non-Innovative Capital

Non-Innovative Capital (1)	31/12/10 $M	30/06/10 $M	31/12/09 $M
PERLS IV	**1,443**	1,443	1,443
PERLS V	**1,964**	1,964	1,964
Total Non-Innovative Capital	**3,407**	3,407	3,407

(1) Represents AUD equivalent net of issue costs.

The Group's Perpetual Exchangeable Resaleable Listed Securities (PERLS IV and PERLS V), issued in July 2007 and October 2009 respectively, qualify as Non-Innovative Tier One Capital and are classified as Loan Capital in the Group's balance sheet. PERLS IV were the first non-innovative transaction undertaken by the Group.

Further details on the terms and conditions of the Group's innovative and non-innovative Tier One Capital instruments are contained in the Group's 30 June 2010 Basel II Pillar 3 Capital Adequacy and Risk Disclosures and Note 26 of the Group's Annual Report 2010.

Tier One Capital Deductions

Tier One Capital Deductions - 100%	31/12/10 $M	30/06/10 $M	31/12/09 $M
Goodwill	**(8,382)**	(8,470)	(8,523)
Capitalised expenses	**(242)**	(288)	(283)
Capitalised computer software costs	**(1,100)**	(950)	(799)
Defined benefit superannuation plan surplus	**(255)**	(221)	(411)
General reserve for credit losses (1)	**(106)**	(90)	-
Deferred tax	**(47)**	(96)	(34)
Total Tier One Capital deductions - 100%	**(10,132)**	(10,115)	(10,050)

(1) Capital deduction at 31 December 2010 of $106 million after tax (June 2010: $90 million, 31 December 2009: $nil) to ensure the Group has sufficient provisions and capital to cover credit losses estimated to arise over the full life of the individual facilities, as required by APS 220.

Tier One Capital Deductions - 50%	31/12/10 $M	30/06/10 $M	31/12/09 $M
Equity investments in other companies and trusts	**(328)**	(323)	(315)
Equity investments in non consolidated subsidiaries (net of intangibles)	**(539)**	(518)	(600)
Expected impairment loss (before tax) in excess of eligible credit provisions (net of deferred tax)	**(748)**	(830)	(727)
Other deductions	**(390)**	(328)	(277)
Total Tier One Capital deductions - 50%	**(2,005)**	(1,999)	(1,919)

Tier Two Capital

Upper Tier Two Capital	31/12/10 $M	30/06/10 $M	31/12/09 $M
Residual capital above prescribed limits transferred from Tier One (1)	**-**	225	73
Prudential general reserve for credit losses (net of tax) (2)	**618**	603	603
Asset revaluation reserve	**85**	87	76
Upper Tier Two note and bond issues	**350**	382	350
Other	**108**	83	64
Total Upper Tier Two Capital	**1,161**	1,380	1,166

(1) Residual Capital eligible for inclusion as Tier One Capital is subject to an APRA prescribed limit of 25% of Tier One Capital with any excess transferred to Upper Tier Two Capital.

(2) Prudential general reserve for credit losses represents the after tax collective provisions and general reserve for credit losses of Banking entities in the Group (including Bankwest) which operate under the Basel II Standardised methodology.

Lower Tier Two Capital

The Group has a number of subordinated debt issues across multiple currencies on issue at any one point in time. In order to qualify as Lower Tier Two Capital the instrument must:

- be unsecured and paid up;
- have a minimum term of 5 years; and
- recognise the amount available for inclusion in Lower Tier Two as being amortised at a rate of 20% (straight line) over the last 4 years to maturity.

8.2 List of APRA APS 330 Tables

The following schedule lists the quantitative tables in this document as referenced in APRA Prudential Standard APS 330 "Capital Adequacy: Public Disclosure of Prudential Information" Attachments A and B.

8.3 List of Supplemental Tables and Diagrams

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8.4 Glossary

Term	Definition
ADI	Authorised Deposit-taking Institution - includes banks, building societies and credit unions which are authorised by APRA to take deposits from customers.
AIFRS	Australian equivalents to International Financial Reporting Standards.
AIRB	Advanced Internal Ratings Based approach - used to measure credit risk in accordance with the Group's Basel II accreditation approval provided by APRA 10 December 2007 that allows the Group to use internal estimates of PD, LGD and EAD for the purposes of calculating regulatory capital.
AMA	Advanced Measurement Approach - used to measure operational risk in accordance with the Group's Basel II accreditation approval provided by APRA 10 December 2007 that allows the Group to use internal estimates and its operational risk model for the purposes of calculating regulatory capital.
APRA	Australian Prudential Regulation Authority - the regulator of banks, insurance companies and superannuation funds, credit unions, building societies and friendly societies in Australia.
APS	APRA's ADI Prudential Standards. For more information, refer to the APRA web site.
ASB	ASB Bank Limited - a subsidiary of the Commonwealth Bank of Australia that is directly regulated by the Reserve Bank of New Zealand.
Bank	APS asset class - includes claims on central banks, international banking agencies, regional development banks, ADI and overseas banks.
Basel II	Refers to the Basel Committee on Banking Supervision's Revised Framework for International Convergence of Capital Measurement and Capital Standards issued in June 2006 and as subsequently amended.
CBA	Commonwealth Bank of Australia - the chief entity for the Group.
Collective Provision	All loans and receivables that do not have an individually assessed provision are assessed collectively for impairment. The collective provision is maintained to reduce the carrying value of the portfolio of loans to their estimated recoverable amounts. These provisions are as reported in the Group's Financial Statements in accordance with AIFRS (AASB 139 "Financial Instruments: Recognition and Measurement").
Corporate	APS asset class – includes commercial credit risk where annual revenues exceed $50 million, SME Corporate and SME Retail.
EAD	Exposure at Default – the extent to which a bank may be exposed to a counterparty in the event of default.
ECAI	External Credit Assessment Institution.
EL	Expected Loss – EL is a function of EAD, PD an LGD.
ELE	Extended Licensed Entity – APRA may deem a subsidiary of an ADI to be part of the ADI itself for the purposes of measuring the ADIs exposures to related entities.
EP	Eligible Provisions – For AIRB portfolios, EPs are the sum of collective, individually assessed and other provisions less tax effects. Provisions relating to Standardised portfolios, including Bankwest, are excluded from Eligible Provisions. In practice, there is a difference between EL, as determined in accordance with IRB measurement requirements, and eligible provisions, as determined by accounting standards.
General Reserve for Credit Losses	APS 220 requires the Group to establish a reserve that covers credit losses prudently estimated, but not certain to arise, over the full life of all individual facilities making up the business of the ADI. Most of the Group's collective provisions are included in the General Reserve for Credit Losses. An excess of required General Reserve for Credit Losses over the Group's collective provisions is recognised as a deduction from Tier One Capital on an after tax basis.
Individual Provisions	Provisions made against individual facilities in the credit-rated managed segment where there is objective evidence of impairment and full recovery of principal is considered doubtful. These provisions are established based primarily on estimates of realisable value of collateral taken. These provisions are as reported in the Group's financial statements in accordance with AIFRS (AASB 139 "Financial Instruments: Recognition and Measurement"). Also known as individually assessed provisions or IAP.

8.4 **Glossary** (continued)

Term	Definition
IRRBB	Interest Rate Risk in the Banking Book - is the risk that the Bank's profit derived from Net Interest Income (interest earned less interest paid), in current and future periods, is adversely impacted from changes in interest rates. This is measured from two perspectives; firstly by quantifying the change in the net present value of the balance sheet's future earnings potential and secondly, as the anticipated change to the Net Interest Income which is reported in the Bank's Income Statement. The APS117 IRRBB regulatory capital requirement is calculated using the net present value approach.
Level 1	Represents the ADI and each subsidiary of the ADI that has been approved as an extended licence entity by APRA.
Level 2	The level at which the Group reports its capital adequacy to APRA being the consolidated banking group comprising the ADI and all of it's subsidiary entities other than non-consolidated subsidiaries. This is the basis of which this report has been produced.
Level 3	The conglomerate group including the Group's insurance and wealth management business.
LGD	Loss Given Default – the fraction of exposure at default (EAD) that is not expected to be recovered following default.
Other Assets	APS asset class – includes Cash, Investments in Related Entities, Fixed Assets and Margin Lending.
Other Retail	APS asset class – includes all retail credit exposures not otherwise classed as a residential mortgage, SME retail or a qualifying revolving retail asset.
PD	Probability of Default - the likelihood that a debtor fails to meet an obligation or contractual commitment.
Qualifying Revolving Retail	APS asset class - represents revolving exposures to individuals less than \$0.1m, unsecured and unconditionally cancellable by the Group. Only Australian retail credit cards qualify for this AIRB asset class.
Residential Mortgage	APS asset class - includes retail and small and medium enterprise exposures up to \$1 million that are secured by residential mortgage property.
RWA	Risk Weighted Assets – the value of the Group's on and off-balance sheet assets are adjusted according to risk weights calculated according to various APRA prudential standards. For more information, refer to the APRA web site.
Scaling Factor	In order to broadly maintain the aggregate level of capital in the global financial system post implementation of Basel II, the Basel Committee on Banking Supervision applies a scaling factor to the risk-weighted asset amounts for credit risk under the IRB approach. The current scaling factor is 1.06.
Securitisation	APS asset class - includes Group-originated securitised exposures and the provision of facilities to customers in relation to securitisation activities.
SME Corporate	APS asset class - includes small and medium enterprise (SME) commercial credit risk where annual revenues are less than \$50 million and exposures are greater than \$1 million.
SME Retail	APS asset class - includes small and medium enterprise (SME) exposures up to \$1 million that are not secured by residential mortgage property.
Sovereign	APS asset class - includes claims on the Reserve Bank of Australia and on Australian and foreign governments.
Specialised Lending	APS asset classes subject to the supervisory slotting approach and which include Income Producing Real Estate (IPRE) and Project Finance assets.
Specific Provisions	APS 220 requires ADIs to report as specific provisions all provisions for impairment assessed by an ADI on an individual basis in accordance with AIFRS and that portion of provisions assessed on a collective basis which are deemed ineligible to be included in the General Reserve for Credit Losses (which are primarily collective provisions on some defaulted assets).
Tier One Capital	Tier One Capital is the highest quality of capital available to the Group and reflects the permanent and unrestricted commitment of funds that are freely available to absorb losses. It comprises: • Fundamental Capital (share capital, retained earnings and reserves); • Residual Capital (innovative and non innovative); and • Prescribed Regulatory deductions.
Tier Two Capital	Tier Two Capital represents those capital items that fall short of the necessary conditions to qualify as Tier One Capital. There are two main classes, upper and lower Tier Two.