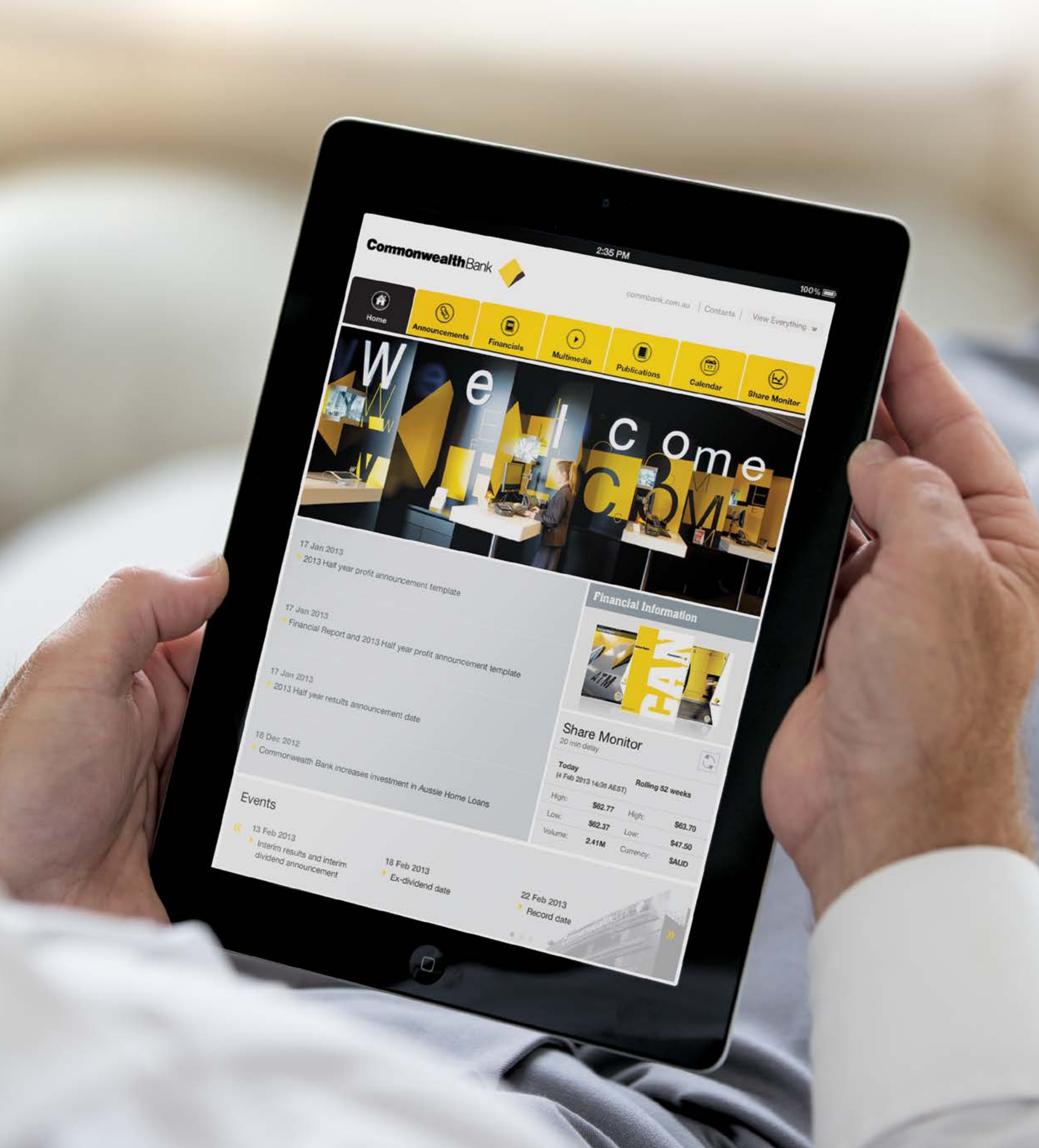
Basel II Pillar 3

Capital adequacy and risk disclosures as at 31 December 2012

CommonwealthBank



COMMONWEALTH BANK OF AUSTRALIA | ACN 123 123 124 | 13 FEBRUARY 2013

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1 Introduction

The Commonwealth Bank of Australia (the Group) 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.

An important component of the Basel Committee on Banking Supervision's (BCBS) revised framework of capital measurement and capital adequacy, known as Basel II, is the public disclosure of prudential information (referred to as "Pillar 3" within the framework). These requirements are outlined in APRA's ADI Prudential Standard APS 330 "Capital Adequacy: Public Disclosures of Prudential Information" (APS 330). The standard aims to enhance transparency in Australian financial markets by setting minimum requirements for the disclosure of information on the risk management and capital adequacy of ADIs.

The Group is required to report its quarterly assessment of capital adequacy on a Level 2 basis. APS 330 defines Level 2 as the consolidated banking group excluding the insurance and funds management businesses and entities through which securitisation of Group assets are conducted.

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.

This report incorporates the BCBS "Revisions to the Basel II market risk framework" (Basel 2.5) which introduces additional reporting and capital requirements for securitisation and market risk.

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.

The Bank of Western Australia (Bankwest) relinquished its ADI licence in October 2012 in line with prudential regulations requiring Australian subsidiaries of major banks to operate under the same licence as the parent. From 31 December 2012, APRA has subsequently approved use of the following approaches for the Bankwest portfolios:

- Advanced Internal Ratings Based (AIRB) approach for material credit risk portfolios;
- Interest Rate Risk in the Banking Book (IRRBB); and
- Advanced Measurement Approach (AMA) for Operational Risk.

Throughout this document, comparatives as at 30 June 2012 and 31 December 2011 show Bankwest portfolios using a Standardised approach.

All disclosures include consolidation of CommBank Europe Limited and PT Bank Commonwealth, which use the Standardised Basel II methodology.

The Group has maintained a strong capital position with 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 (CET1), Tier One and Total Capital ratios as at 31 December 2012, under the application of Basel II were 8.3%, 10.5% and 11.2% respectively.

From 1 January 2013, the Group will adopt the Basel III measurement and monitoring of regulatory capital.

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

This document is available on the Group's corporate website www.commbank.com.au.

Summary Group Basel II Capital Adequacy Ratios (Level 2)	31 Dec 12 %	30 Jun 12 %	31 Dec 11 %
Common Equity Tier One	**8.3**	7.8	7.7
Tier One	**10.5**	10.0	9.9
Tier Two	**0.7**	1.0	1.2
Total Capital	**11.2**	11.0	11.1

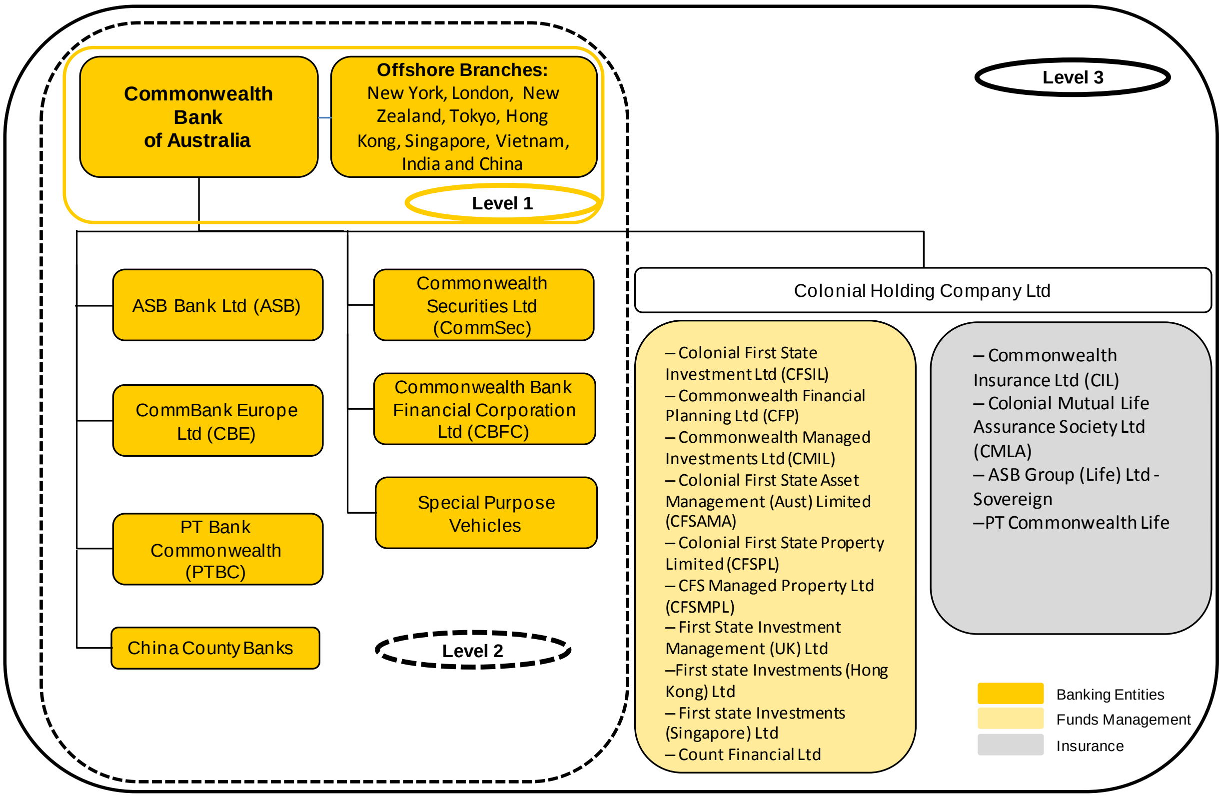
2 Scope of Application

This document has been prepared in accordance with Board approved policy and semi-annual reporting requirements set out in APS 330.

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

- **Level 1:** the parent bank (Commonwealth Bank of Australia) and offshore branches (the Bank) and APRA approved Extended Licenced 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 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.

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

There continues to be no capital deficiencies in non-consolidated subsidiaries in the 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 minimum capital adequacy requirements (Prudential Capital Ratio (PCR)) and the Board Approved minimum levels at all times throughout the half year ended 31 December 2012.

The Group's Common Equity Tier One (CET1), Tier One Capital and Total Capital ratios as at 31 December 2012 were 8.3%, 10.5% and 11.2% respectively.

The Group's CET1 and Tier One Capital ratios increased by 49 and 53 basis points respectively on the prior half. This was primarily driven by capital generated from earnings (net of dividend) and the benefit delivered from Bankwest being now reported on using AIRB, IRRBB and AMA approaches in December 2012. No allowance has been taken into account in the Basel II capital ratios for the Dividend Reinvestment Plan (DRP) as it has been anticipated that the DRP will be satisfied in full by an on market purchase of shares.

The Group's Total Capital ratio increased 20 basis points over the prior half to 11.2% driven by both movement in Tier One Capital partially offset by the planned redemption of a number of Lower Tier Two debt instruments.

Capital Initiatives

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

Tier One Capital

In October 2012 the Group issued $2 billion Perpetual Exchangeable Resaleable Listed Securities (PERLS VI), Basel III compliant, additional Tier One security. The proceeds of this issue were used, to the extent necessary, to refinance the maturing PERLS IV and otherwise to fund the Group's business; and

The allocation of approximately $929 million ordinary shares in order to satisfy the DRP in respect of the final dividend for the 2011/2012 financial year, representing a participation rate of 29.6%.

Tier Two Capital

Redemption of three separate subordinated Lower Tier Two debt issues totalling $711 million.

Summary Group Capital Adequacy and RWA	31 Dec 12	30 Jun 12	31 Dec 11
Total Risk Weighted Assets ($M)	**301,611**	302,787	297,705
Common Equity Capital ($M)	**25,049**	23,664	22,837
Tier One Capital ($M)	**31,780**	30,299	29,473
Total Capital ($M)	**33,846**	33,238	33,061
Common Equity Tier One (%)	**8.3**	7.8	7.7
Tier One Capital (%)	**10.5**	10.0	9.9
Total Capital (%)	**11.2**	11.0	11.1

Regulatory Capital Framework Comparison

The following table estimates the impact on the Group's capital as at 31 December 2012, of the differences between APRA's prudential requirements for calculating risk weighted assets and those of the Financial Services Authority (FSA), the UK regulator.

The Group's Common Equity, Tier One and Total Capital ratios as at 31 December 2012 under the FSA method of calculating regulatory capital as a percentage of RWA were 11.8%, 14.6% and 14.7% respectively.

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

	31 December 2012		
Regulatory Capital Frameworks Comparison	Common equity tier one capital (1) %	Tier One capital %	Total capital %
Reported risk weighted capital ratios	8. 3	10. 5	11. 2
RWA treatment - mortgages (2) and margin loans	1. 3	1. 6	1. 6
IRRBB risk weighted assets	0. 3	0. 4	0. 4
Future dividends (net of Dividend Reinvestment Plan)	0. 9	0. 9	0. 9
Tax impact in EL v EP calculation	0. 1	0. 1	0. 3
Removal of Tier One Hybrid Limits (3)	-	0. 2	-
Deferred tax assets	0. 1	0. 1	0. 1
Equity investments	0. 3	0. 3	0. 2
Value of in force (VIF) deductions (4)	0. 5	0. 5	-
Total adjustments	3. 5	4. 1	3. 5
Normalised Basel II FSA equivalent	11. 8	14. 6	14. 7

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

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

(3) APRA imposes a Residual Capital limit of 25% of Tier One Capital under FSA rules this limit is 50% with more flexible transition rules.

(4) 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 Dec 12 $M	30 Jun 12 $M	31 Dec 11 $M
Tier One Capital			
Ordinary Share Capital and Treasury Shares	**26,427**	25,498	24,967
Total Reserves [1]	**520**	767	462
Net Retained Earnings	**11,254**	10,658	10,161
Non-controlling interests less ASB Perpetual Preference Shares	**27**	26	23
Total Fundamental Tier One Capital	**38,228**	36,949	35,613
Deductions from Tier One Capital			
Goodwill and other intangibles (excluding software) [2]	**(8,535)**	(8,581)	(8,546)
Other deductions from Tier One Capital	**(2,645)**	(2,720)	(2,286)
Tier One Capital deductions - 50% [3]	**(1,999)**	(1,984)	(1,944)
Total Tier One Capital Deductions	**(13,179)**	(13,285)	(12,776)
Fundamental Tier One Capital After Deductions	**25,049**	23,664	22,837
Residual Capital			
Innovative Tier One Capital	**4,767**	3,228	3,229
Non-innovative Residual Tier One Capital	**1,964**	3,407	3,407
Total Residual Tier One Capital	**6,731**	6,635	6,636
Total Tier One Capital	**31,780**	30,299	29,473
Tier Two Capital			
Upper Tier Two Capital	**1,165**	1,217	1,236
Lower Tier Two Capital	**2,900**	3,706	4,296
Gross Tier Two Capital	**4,065**	4,923	5,532
Deduction from Tier Two Capital			
Tier Two Capital deductions - 50% [3]	**(1,999)**	(1,984)	(1,944)
Total Tier Two Capital Deductions	**(1,999)**	(1,984)	(1,944)
Total Tier Two Capital	**2,066**	2,939	3,588
Total Capital	**33,846**	33,238	33,061

(1) The Group's general reserve, capital reserve and foreign currency translation reserve (excluding balances related to non consolidated subsidiaries) qualify as fundamental Tier One Capital.

(2) Represents total Goodwill and other intangibles (excluding capitalised computer software costs) which are required to be deducted from Tier One Capital.

(3) Represents 50% Tier One and 50% Tier Two Capital deductions under Basel II rules.

APS 330 Table 3g – Capital ratios

Significant Group ADIs [1]	31 Dec 12 %	30 Jun 12 %	31 Dec 11 %
CBA Level 2 Tier One Capital ratio	**10.5**	10.0	9.9
CBA Level 2 Total Capital ratio	**11.2**	11.0	11.1
CBA Level 1 Tier One Capital ratio	**10.8**	10.7	10.7
CBA Level 1 Total Capital ratio	**10.9**	11.0	11.2
ASB Tier One Capital ratio	**12.2**	11.7	11.2
ASB Total Capital ratio	**12.2**	12.6	12.9

(1) Bankwest relinquished its ADI licence in October 2012 and now operates under the same licence as its parent.

Regulatory Changes

There are a number of regulatory changes in progress that will impact the measurement of capital for the Group in regards to Banking, General and Life Insurance and Conglomerate Groups.

Basel III Regulatory Capital

The Group will adopt the Basel III measurement and monitoring of regulatory capital from 1 January 2013.

In December 2010, the Basel Committee on Banking Supervision (BCBS) published a discussion paper on banking reforms to address issues which led to the Global Financial Crisis and to position banks for future crises. The objectives of the capital reforms are to increase the quality, consistency and transparency of capital, to enhance the risk coverage framework, and to reduce systemic and pro-cyclical risk. The major reforms are to be phased in from 1 January 2013 to 1 January 2019.

In September 2012, Australian Prudential Regulation Authority (APRA) published final standards relating to the implementation of the Basel III capital reforms in Australia. APRA has adopted a more conservative approach than the minimum standards published by the BCBS and a more accelerated timetable for implementation.

The APRA prudential standards require a minimum CET1 ratio of 4.5% effective from 1 January 2013. An additional CET1 capital conservation buffer of 2.5% will be implemented on 1 January 2016, bringing the minimum CET1 requirement to 7%. The BCBS advocates the same minimum requirements, but implementation is to be phased in over an extended timeframe up to 1 January 2019.

General and Life Insurers

In October 2012, APRA completed its review of regulatory capital standards for life insurers and general insurers and released the final version of all life insurance and general insurance prudential standards (LAGIC). Implementation of the majority of the reforms occurred on 1 January 2013.

Superannuation Funds Management

In November 2012, APRA released final prudential standards that introduce new financial requirements for registered superannuation trustees. The new requirements are being implemented on 1 July 2013.

In November 2011, the Australian Securities and Investments Commission (ASIC) released new financial requirements that apply to Responsible Entities. These new requirements became effective on 1 November 2012.

Conglomerate Groups

APRA released a discussion paper titled “Supervision of Conglomerate Groups” in March 2010. APRA is seeking to extend its 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 proposals 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.

Draft capital standards are expected to be released in the early part of the 2013 calendar year with the intention at this point in time to implement from 1 January 2014.

3.2 Risk Weighted Assets

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

Asset Category	31 Dec 12 $M [1]	30 Jun 12 $M [1]	31 Dec 11 $M [1]	Dec 2012 vs Jun 2012 $M	Dec 2012 vs Jun 2012 %	Jun 2012 vs Dec 2011 $M	Jun 2012 vs Dec 2011 %
Credit Risk							
Subject to Advanced IRB Approach							
Corporate	**51,851**	49,331	45,983	2,520	5. 1	3,348	7. 3
SME corporate	**30,833**	22,319	22,155	8,514	38. 1	164	0. 7
SME retail	**4,222**	4,071	4,486	151	3. 7	(415)	(9. 3)
Sovereign	**3,692**	3,003	3,201	689	22. 9	(198)	(6. 2)
Bank	**8,322**	7,619	7,925	703	9. 2	(306)	(3. 9)
Residential mortgage	**63,637**	54,545	53,844	9,092	16. 7	701	1. 3
Qualifying revolving retail	**6,460**	6,703	6,491	(243)	(3. 6)	212	3. 3
Other retail	**8,983**	8,462	8,116	521	6. 2	346	4. 3
Impact of the regulatory scaling factor [2]	**10,680**	9,363	9,132	1,317	14. 1	231	2. 5
Total RWA subject to Advanced IRB Approach	**188,680**	165,416	161,333	23,264	14. 1	4,083	2. 5
Specialised lending	**48,398**	36,141	36,915	12,257	33. 9	(774)	(2. 1)
Subject to Standardised approach							
Corporate	**3,894**	10,430	9,950	(6,536)	(62. 7)	480	4. 8
SME corporate	**317**	6,580	6,803	(6,263)	(95. 2)	(223)	(3. 3)
SME retail	**4,728**	4,836	4,230	(108)	(2. 2)	606	14. 3
Sovereign	**203**	107	308	96	89. 7	(201)	(65. 3)
Bank	**138**	1,243	1,303	(1,105)	(88. 9)	(60)	(4. 6)
Residential mortgage	**2,257**	25,705	24,660	(23,448)	(91. 2)	1,045	4. 2
Other retail	**2,212**	2,559	2,627	(347)	(13. 6)	(68)	(2. 6)
Other assets	**4,124**	3,240	5,215	884	27. 3	(1,975)	(37. 9)
Total RWA subject to Standardised approach	**17,873**	54,700	55,096	(36,827)	(67. 3)	(396)	(0. 7)
Securitisation	**1,119**	2,833	2,695	(1,714)	(60. 5)	138	5. 1
Equity exposures	**2,397**	2,339	2,407	58	2. 5	(68)	(2. 8)
Total RWA for credit risk exposures	**258,467**	261,429	258,446	(2,962)	(1. 1)	2,983	1. 2
Traded market risk	**4,517**	4,842	3,105	(325)	(6. 7)	1,737	55. 9
Interest rate risk in the banking book	**10,996**	9,765	11,525	1,231	12. 6	(1,760)	(15. 3)
Operational risk	**27,631**	26,751	24,629	880	3. 3	2,122	8. 6
Total risk weighted assets	**301,611**	302,787	297,705	(1,176)	(0. 4)	5,082	1. 7

(1) Risk Weighted Assets (RWA) for June 2012 and December 2011 include the consolidation of Bankwest under the Basel II Standardised methodology. APRA granted approval for the Group to extend its Advanced Internal Ratings Based accreditation to include the Bankwest non-retail loans and residential mortgage portfolio from 31 December 2012.

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

Risk Weighted Assets

Total RWA decreased by $1.2 billion or 0.4% on the prior half to $301.6 billion. This decrease was driven by a reduction in credit risk RWA and partially offset by increases in IRRBB and operational risk RWA.

Credit Risk Exposure and Credit Risk RWA

Credit risk RWA decreased by $3 billion or 1.1% to $258.5 billion. The decrease was primarily due to:

- The transition of Bankwest non-retail loans and residential mortgage portfolio from Standardised to AIRB approach; and
- Changes in risk profile for securitisation exposures; partly offset by
- Growth in bank, specialised lending and residential mortgage portfolios.

Traded Market Risk RWA

Traded Market Risk RWA decreased $325 million or 6.7% to $4.5 billion during the half year. The decrease was mainly due to reduced volatility affecting capital measurements and a change in the regulatory treatment applied to the Traded Market Risk RWA component for ASB.

Interest Rate Risk in the Banking Book RWA

IRRBB RWA increased by $1.2 billion or 12.6% to $11 billion during the half year. The increase in the IRRBB capital requirement in December 2012 was due to the higher repricing risk from loans and deposits being partially offset by embedded gains from lower interest rates and inclusion of Bankwest under the APS117 regulatory capital requirements.

Operational Risk RWA

Operational Risk RWA increased $0.9 billion or 3.3% to $27.6 billion during the half year. The increase reflects refinements made in line with Australian regulatory requirements and accreditation from APRA to include Bankwest within the Group's Advanced Measurement Approach (AMA) model, having previously calculated Operational Risk Capital under the Standardised Approach.

Explanation of change in credit RWA

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

		Credit RWA movement drivers			
Asset Category	**Total movement Jun 12 to Dec 12 $M**	**Volume and FX changes $M**	**Data and methodology enhancements $M**	**Bankwest accreditation $M**	**Change in credit quality $M**
AIRB corporate including SME and specialised lending	**23,442**	4,966	111	18,233	132
AIRB bank	**703**	882	152	54	(385)
AIRB sovereign	**689**	(21)	212	4	494
AIRB consumer retail	**9,370**	2,595	-	7,994	(1,219)
Standardised (including other assets)	**(36,827)**	(19)	-	(36,892)	84
Equity and securitisation exposures	**(1,656)**	(291)	-	-	(1,365)
Impact of Basel II scaling factor	**1,317**	218	28	1,167	(96)
Total credit RWA movement	**(2,962)**	**8,330**	**503**	**(9,440)**	**(2,355)**

4 Credit Risk

4.1 Credit Risk Exposure – Excluding Equities and Securitisation

The table below, and those on page 10, detail credit risk exposures (excluding Equities and Securitisation Exposures) subject to Advanced IRB and Standardised approaches.

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

	31 December 2012						
		Off balance sheet					
Portfolio Type	On balance sheet $M	Non-market related $M	Market related $M	Total $M	Average exposure for December 2012 half [2] $M	Change in exposure for December 2012 half [3] $M	%
Subject to advanced IRB approach							
Corporate	44,726	35,317	5,565	**85,608**	84,137	2,943	3. 6
SME corporate	39,621	6,272	570	**46,463**	41,850	9,227	24. 8
SME retail	6,739	1,752	27	**8,518**	8,450	136	1. 6
Sovereign	45,512	2,498	1,402	**49,412**	48,011	2,803	6. 0
Bank	27,869	2,964	8,847	**39,680**	37,503	4,354	12. 3
Residential mortgage	354,944	63,600	-	**418,544**	386,077	64,934	18. 4
Qualifying revolving retail	9,413	12,655	-	**22,068**	21,812	513	2. 4
Other retail	6,469	1,706	-	**8,175**	7,886	578	7. 6
Total advanced IRB approach	535,293	126,764	16,411	**678,468**	635,726	85,488	14. 4
Specialised lending	43,520	10,028	1,119	**54,667**	48,123	13,089	31. 5
Subject to standardised approach							
Corporate	2,615	1,303	27	**3,945**	7,152	(6,414)	(61. 9)
SME corporate	136	199	-	**335**	3,388	(6,106)	(94. 8)
SME retail	3,904	973	-	**4,877**	5,006	(258)	(5. 0)
Sovereign	839	-	-	**839**	1,616	(1,553)	(64. 9)
Bank	324	26	-	**350**	3,416	(6,131)	(94. 6)
Residential mortgage	4,221	642	-	**4,863**	31,247	(52,767)	(91. 6)
Other retail	2,162	93	-	**2,255**	2,425	(339)	(13. 1)
Other assets	10,768	-	-	**10,768**	10,183	1,171	12. 2
Total standardised approach	24,969	3,236	27	**28,232**	64,433	(72,397)	(71. 9)
Total credit exposures [1]	603,782	140,028	17,557	**761,367**	748,282	26,180	3. 6

(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 2012 and 30 June 2012.
(3) The difference between exposures as at 31 December 2012 and 30 June 2012.

Explanation of change in credit risk exposure

Details of credit risk exposure movements over the prior half are as follows:

Asset Category	Total exposure change $M	Regulatory Exposure Driver
AIRB corporate (including SME) and specialised lending	**25,395**	Increase due to growth in specialised lending exposures and transition of Bankwest portfolios from standardised to AIRB approach.
AIRB sovereign	**2,803**	Reflects transition of Bankwest portfolio from standardised to AIRB approach.
AIRB bank	**4,354**	Reflects transition of Bankwest portfolio from standardised to AIRB approach.
AIRB consumer retail	**66,025**	Increase due to continued growth in Australian residential mortgages and transition of Bankwest residential mortgages from standardised to AIRB approach.
Total advanced and specialised lending	**98,577**	
Standardised including other assets	**(72,397)**	Reduction reflects the transition of Bankwest Standardised portfolios to AIRB.
Total excluding securitisation and equity exposures	**26,180**	

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

Portfolio Type	30 June 2012 On balance sheet $M	30 June 2012 Off balance sheet Non-market related $M	30 June 2012 Off balance sheet Market related $M	30 June 2012 Total $M	Average exposure for June 2012 half (2) $M	Change in exposure for June 2012 half (3) $M	Change in exposure for June 2012 half (3) %
Subject to advanced IRB approach							
Corporate	44,509	32,218	5,938	82,665	79,723	5,885	7. 7
SME corporate	31,366	5,368	502	37,236	36,972	528	1. 4
SME retail	6,702	1,667	13	8,382	8,942	(1,121)	(11. 8)
Sovereign	42,170	2,926	1,513	46,609	43,982	5,255	12. 7
Bank	24,832	2,344	8,150	35,326	37,172	(3,692)	(9. 5)
Residential mortgage	299,331	54,279	-	353,610	350,854	5,512	1. 6
Qualifying revolving retail	9,256	12,299	-	21,555	21,252	607	2. 9
Other retail	6,066	1,531	-	7,597	7,340	513	7. 2
Total advanced IRB approach	464,232	112,632	16,116	592,980	586,237	13,487	2. 3
Specialised lending	33,656	6,733	1,189	41,578	42,039	(923)	(2. 2)
Subject to standardised approach							
Corporate	8,494	1,756	109	10,359	10,156	407	4. 1
SME corporate	5,795	610	36	6,441	6,682	(483)	(7. 0)
SME retail	3,967	1,168	-	5,135	5,222	(175)	(3. 3)
Sovereign	2,391	1	-	2,392	2,573	(362)	(13. 1)
Bank	6,419	17	45	6,481	6,504	(47)	(0. 7)
Residential mortgage	56,694	909	27	57,630	56,369	2,522	4. 6
Other retail	2,501	90	3	2,594	2,614	(39)	(1. 5)
Other assets	9,597	-	-	9,597	11,002	(2,810)	(22. 6)
Total standardised approach	95,858	4,551	220	100,629	101,122	(987)	(1. 0)
Total credit exposures (1)	593,746	123,916	17,525	735,187	729,398	11,577	1. 6

(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 2012 and 31 December 2011.
(3) The difference between exposures as at 30 June 2012 and 31 December 2011.

Portfolio Type	31 December 2011 On balance sheet $M	31 December 2011 Off balance sheet Non-market related $M	31 December 2011 Off balance sheet Market related $M	31 December 2011 Total $M	Average exposure for December 2011 half (2) $M	Change in exposure for December 2011 half (3) $M	Change in exposure for December 2011 half (3) %
Subject to advanced IRB approach							
Corporate	39,276	32,367	5,137	76,780	72,203	9,154	13. 5
SME corporate	30,693	5,534	481	36,708	36,896	(376)	(1. 0)
SME retail	7,393	2,084	26	9,503	9,366	274	3. 0
Sovereign	38,232	1,774	1,348	41,354	41,506	(303)	(0. 7)
Bank	25,948	2,292	10,778	39,018	37,442	3,152	8. 8
Residential mortgage	293,726	54,372	-	348,098	344,889	6,419	1. 9
Qualifying revolving retail	9,087	11,861	-	20,948	19,754	2,388	12. 9
Other retail	5,732	1,352	-	7,084	6,868	433	6. 5
Total advanced IRB approach	450,087	111,636	17,770	579,493	568,924	21,141	3. 8
Specialised lending	33,373	8,038	1,090	42,501	42,097	808	1. 9
Subject to standardised approach							
Corporate	8,105	1,765	82	9,952	8,898	2,109	26. 9
SME corporate	6,003	884	37	6,924	7,212	(577)	(7. 7)
SME retail	3,691	1,619	-	5,310	5,364	(107)	(2. 0)
Sovereign	2,751	3	-	2,754	2,350	808	41. 5
Bank	6,412	71	45	6,528	6,346	365	5. 9
Residential mortgage	54,112	975	21	55,108	53,411	3,394	6. 6
Other retail	2,534	97	2	2,633	2,619	29	1. 1
Other assets	12,407	-	-	12,407	13,160	(1,505)	(10. 8)
Total standardised approach	96,015	5,414	187	101,616	99,360	4,516	4. 7
Total credit exposures (1)	579,475	125,088	19,047	723,610	710,381	26,465	3. 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 2011 and 30 June 2011.
(3) The difference between exposures as at 31 December 2011 and 30 June 2011.

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

Portfolio Type	As at 31 Dec 12 $M	Half year average [3] $M
Corporate	**89,553**	91,289
SME corporate	**46,798**	45,238
SME retail	**13,395**	13,456
Sovereign	**50,251**	49,627
Bank	**40,030**	40,919
Residential mortgage [1]	**423,407**	417,324
Qualifying revolving retail	**22,068**	21,812
Other retail	**10,430**	10,311
Specialised lending	**54,667**	48,123
Other assets	**10,768**	10,183
Total credit exposures [2]	**761,367**	748,282

(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 Jun 12 $M	Half year average [3] $M
Corporate	93,024	89,878
SME corporate	43,677	43,654
SME retail	13,517	14,165
Sovereign	49,001	46,555
Bank	41,807	43,676
Residential mortgage [1]	411,240	407,223
Qualifying revolving retail	21,555	21,252
Other retail	10,191	9,954
Specialised lending	41,578	42,039
Other assets	9,597	11,002
Total credit exposures [2]	735,187	729,398

(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 Dec 11 $M	Half year average [3] $M
Corporate	86,732	81,101
SME corporate	43,632	44,108
SME retail	14,813	14,730
Sovereign	44,108	43,856
Bank	45,546	43,788
Residential mortgage [1]	403,206	398,300
Qualifying revolving retail	20,948	19,754
Other retail	9,717	9,487
Specialised lending	42,501	42,097
Other assets	12,407	13,160
Total credit exposures [2]	723,610	710,381

(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 2012 (3)			
Portfolio Type	Australia $M	New Zealand $M	Other $M	Total $M
Corporate	66,097	5,718	17,738	**89,553**
SME corporate	38,624	7,671	503	**46,798**
SME retail	11,437	1,928	30	**13,395**
Sovereign	31,681	3,176	15,394	**50,251**
Bank	20,440	1,195	18,395	**40,030**
Residential mortgage (1)	387,363	35,441	603	**423,407**
Qualifying revolving retail	22,068	-	-	**22,068**
Other retail	8,921	1,506	3	**10,430**
Specialised lending	45,404	4,369	4,894	**54,667**
Other assets	9,414	554	800	**10,768**
Total credit exposures (2)	641,449	61,558	58,360	**761,367**

(1) Residential mortgages include SME retail secured by residential property.
(2) Total credit risk exposures do not include equities or securitisation exposures.
(3) Balances are reported based on the risk domicile of the borrowers.

	30 June 2012 (3)			
Portfolio Type	Australia $M	New Zealand $M	Other $M	Total $M
Corporate	69,349	5,966	17,709	93,024
SME corporate	36,383	7,001	293	43,677
SME retail	11,615	1,862	40	13,517
Sovereign	27,968	1,954	19,079	49,001
Bank	23,000	592	18,215	41,807
Residential mortgage (1)	377,341	33,462	437	411,240
Qualifying revolving retail	21,555	-	-	21,555
Other retail	8,735	1,455	1	10,191
Specialised lending	35,426	3,669	2,483	41,578
Other assets	8,590	676	331	9,597
Total credit exposures (2)	619,962	56,637	58,588	735,187

(1) Residential mortgages include SME retail secured by residential property.
(2) Total credit risk exposures do not include equities or securitisation exposures.
(3) Balances are reported based on the risk domicile of the borrowers.

	31 December 2011 (3)			
Portfolio Type	Australia $M	New Zealand $M	Other $M	Total $M
Corporate	64,773	5,470	16,489	86,732
SME corporate	36,784	6,237	611	43,632
SME retail	12,963	1,806	44	14,813
Sovereign	25,263	2,121	16,724	44,108
Bank	23,609	1,150	20,787	45,546
Residential mortgage (1)	370,554	32,246	406	403,206
Qualifying revolving retail	20,948	-	-	20,948
Other retail	8,329	1,387	1	9,717
Specialised lending	37,105	3,789	1,607	42,501
Other assets	9,455	2,603	349	12,407
Total credit exposures (2)	609,783	56,809	57,018	723,610

(1) Residential mortgages include SME retail secured by residential property.
(2) Total credit risk exposures do not include equities or securitisation exposures.
(3) Balances are reported based on the risk domicile of the borrowers.

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

	31 December 2012							
	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	-	-	1,421	-	-	11,784	2,261	6,623
SME corporate	-	8	3,369	-	-	2,700	12,322	369
SME retail	-	1,046	3,181	-	-	293	1,740	33
Sovereign	-	-	-	50,251	-	-	-	-
Bank	-	-	-	-	40,030	-	-	-
Residential mortgage [2]	416,739	-	-	-	-	235	213	9
Qualifying revolving retail	-	22,068	-	-	-	-	-	-
Other retail	-	10,430	-	-	-	-	-	-
Specialised lending	-	-	7	-	-	486	135	2,277
Other assets	-	3,244	-	-	-	-	-	-
Total credit exposures [1]	416,739	36,796	7,978	50,251	40,030	15,498	16,671	9,311

	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	10,601	5,982	1,920	10,791	11,125	8,534	18,511	**89,553**
SME corporate	2,953	63	1,806	6,934	1,576	190	14,508	**46,798**
SME retail	404	21	737	1,097	221	1,317	3,305	**13,395**
Sovereign	-	-	-	-	-	-	-	**50,251**
Bank	-	-	-	-	-	-	-	**40,030**
Residential mortgage [2]	183	10	443	717	170	866	3,822	**423,407**
Qualifying revolving retail	-	-	-	-	-	-	-	**22,068**
Other retail	-	-	-	-	-	-	-	**10,430**
Specialised lending	349	1,634	1,802	249	4,301	40,765	2,662	**54,667**
Other assets	-	-	-	-	-	-	7,524	**10,768**
Total credit exposures [1]	14,490	7,710	6,708	19,788	17,393	51,672	50,332	**761,367**

(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 2012							
	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	-	-	1,289	-	-	12,839	2,259	6,556
SME corporate	-	887	3,362	-	-	2,461	11,141	445
SME retail	-	1,130	3,254	-	-	290	1,531	31
Sovereign	-	-	-	49,001	-	-	-	-
Bank	-	-	-	-	41,807	-	-	-
Residential mortgage [2] [3]	404,532	-	-	-	-	251	215	11
Qualifying revolving retail	-	21,555	-	-	-	-	-	-
Other retail	-	10,187	-	-	-	-	-	-
Specialised lending	-	-	7	-	-	165	128	307
Other assets	-	3,465	-	-	-	-	-	-
Total credit exposures [1]	404,532	37,224	7,912	49,001	41,807	16,006	15,274	7,350

	Industry Sector							
Portfolio Type	Manufacturing $M	Energy $M	Construction $M	Retail/ wholesale trade $M	Transport and storage $M	Property [4] $M	Other $M	Total $M
Corporate	11,071	5,203	1,312	8,708	11,005	14,285	18,497	93,024
SME corporate	2,575	150	1,482	5,644	1,276	735	13,519	43,677
SME retail	406	18	725	1,106	225	1,295	3,506	13,517
Sovereign	-	-	-	-	-	-	-	49,001
Bank	-	-	-	-	-	-	-	41,807
Residential mortgage [2] [3]	184	9	450	727	185	831	3,845	411,240
Qualifying revolving retail	-	-	-	-	-	-	-	21,555
Other retail	-	-	-	-	-	-	4	10,191
Specialised lending	185	2,267	2,256	271	3,625	30,470	1,897	41,578
Other assets	-	-	-	-	-	-	6,132	9,597
Total credit exposures [1]	14,421	7,647	6,225	16,456	16,316	47,616	47,400	735,187

(1) Total credit risk exposures do not include equities or securitisation exposures.
(2) Certain comparative information has been reclassified to conform to presentation in the current period.
(3) SME retail business lending secured by residential property have been allocated by industry.
(4) Property includes REITs and excludes Business Services.

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

	31 December 2011							
	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	-	-	1,168	-	-	13,338	2,284	6,565
SME corporate	-	870	3,189	-	-	2,755	10,924	500
SME retail	-	1,131	3,584	-	-	365	1,508	32
Sovereign	-	-	-	44,108	-	-	-	-
Bank	-	-	-	-	45,533	13	-	-
Residential mortgage [2] [3]	396,476	-	-	-	-	266	211	11
Qualifying revolving retail	-	20,948	-	-	-	-	-	-
Other retail	-	9,717	-	-	-	-	-	-
Specialised lending	-	-	5	-	-	221	143	403
Other assets	-	3,580	-	-	-	-	-	-
Total credit exposures [1]	396,476	36,246	7,946	44,108	45,533	16,958	15,070	7,511

	Industry Sector							
Portfolio Type	Manufacturing $M	Energy $M	Construction $M	Retail/ wholesale trade $M	Transport and storage $M	Property [4] $M	Other $M	Total $M
Corporate	10,777	5,290	866	10,798	9,192	11,087	15,367	86,732
SME corporate	2,418	214	1,386	5,769	1,260	942	13,405	43,632
SME retail	430	19	740	1,133	234	1,260	4,377	14,813
Sovereign	-	-	-	-	-	-	-	44,108
Bank	-	-	-	-	-	-	-	45,546
Residential mortgage [2] [3]	182	9	452	721	190	817	3,871	403,206
Qualifying revolving retail	-	-	-	-	-	-	-	20,948
Other retail	-	-	-	-	-	-	-	9,717
Specialised lending	163	1,696	2,780	206	4,427	31,127	1,330	42,501
Other assets	-	-	-	-	-	-	8,827	12,407
Total credit exposures [1]	13,970	7,228	6,224	18,627	15,303	45,233	47,177	723,610

(1) Total credit risk exposures do not include equities or securitisation exposures.
(2) Certain comparative information has been reclassified to conform to presentation in the current period.
(3) SME retail business lending secured by residential property have been allocated by industry.
(4) Property includes REITs and excludes Business Services.

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

	31 December 2012				
	≤ 12mths	1 ≤ 5yrs	> 5 years	No specified maturity	Total
Portfolio Type	$M	$M	$M	$M	$M
Corporate	10,812	71,954	5,223	1,564	**89,553**
SME corporate	5,300	32,807	6,565	2,126	**46,798**
SME retail	1,881	7,258	3,908	348	**13,395**
Sovereign	9,853	22,294	17,262	842	**50,251**
Bank	13,526	25,762	385	357	**40,030**
Residential mortgage (1)	11,398	5,977	351,260	54,772	**423,407**
Qualifying revolving retail	-	-	-	22,068	**22,068**
Other retail	119	3,787	3,240	3,284	**10,430**
Specialised lending	14,283	35,998	3,349	1,037	**54,667**
Other assets	4,231	-	-	6,537	**10,768**
Total credit exposures (2)	71,403	205,837	391,192	92,935	**761,367**

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

	30 June 2012				
	≤ 12mths	1 ≤ 5yrs	> 5 years	No specified maturity	Total
Portfolio Type	$M	$M	$M	$M	$M
Corporate (3)	9,106	75,672	5,959	2,287	93,024
SME corporate	4,618	31,041	7,075	943	43,677
SME retail	2,036	7,368	3,917	196	13,517
Sovereign	12,383	20,361	15,280	977	49,001
Bank	11,107	29,569	780	351	41,807
Residential mortgage (1)	9,375	9,132	337,172	55,561	411,240
Qualifying revolving retail	-	-	-	21,555	21,555
Other retail	115	3,829	3,081	3,166	10,191
Specialised lending	14,264	24,834	2,480	-	41,578
Other assets	4,472	-	-	5,125	9,597
Total credit exposures (2)	67,476	201,806	375,744	90,161	735,187

(1) Residential mortgages include SME retail secured by residential property.
(2) Total credit risk exposures do not include equities or securitisation exposures.
(3) Certain comparative information has been reclassified to conform to presentation in the current period.

	31 December 2011				
	≤ 12mths	1 ≤ 5yrs	> 5 years	No specified maturity	Total
Portfolio Type	$M	$M	$M	$M	$M
Corporate	10,258	68,383	4,729	3,362	86,732
SME corporate	3,755	31,722	7,301	854	43,632
SME retail	2,113	8,288	4,251	161	14,813
Sovereign	9,629	19,620	14,013	846	44,108
Bank	11,058	33,107	914	467	45,546
Residential mortgage (1)	8,798	9,259	327,639	57,510	403,206
Qualifying revolving retail	-	-	-	20,948	20,948
Other retail	112	3,768	2,865	2,972	9,717
Specialised lending	14,677	24,904	2,920	-	42,501
Other assets	4,470	-	-	7,937	12,407
Total credit exposures (2)	64,870	199,051	364,632	95,057	723,610

(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 the Australian Accounting Standards are classified as specific provisions in accordance with APS220 "Credit Quality". Most of the collective provisions raised under the Australian Accounting Standards 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 the Australian Accounting Standards, APS220 based credit provisions and APS 330
Table 4j – General reserve for credit losses

	31 December 2012		
	General reserve for credit losses (2)	Specific provision (2)	Total provisions
	$M	$M	$M
Collective provision (1)	2,719	139	**2,858**
Individual provisions (1)	-	1,845	**1,845**
Total provisions	2,719	1,984	**4,703**
Additional GRCL requirement (3)	282	-	**282**
Total regulatory provisions	3,001	1,984	**4,985**

(1) Provisions as reported in financial accounts according to the Australian Accounting Standards.

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

(3) The Group has recognised an after tax deduction from Tier One Capital of $197 million in order to maintain the required minimum GRCL.

	30 June 2012		
	General reserve for credit losses (2)	Specific provision (2)	Total provisions
	$M	$M	$M
Collective provision (1)	2,682	155	2,837
Individual provisions (1)	-	2,008	2,008
Total provisions	2,682	2,163	4,845
Additional GRCL requirement (3)	299	-	299
Total regulatory provisions	2,981	2,163	5,144

(1) Provisions as reported in financial accounts according to the Australian Accounting Standards.

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

(3) The Group has recognised an after tax deduction from Tier One Capital of $209 million in order to maintain the required minimum GRCL.

	31 December 2011		
	General reserve for credit losses (2)	Specific provision (2)	Total provisions
	$M	$M	$M
Collective provision (1)	2,868	116	2,984
Individual provisions (1)	-	2,097	2,097
Total provisions	2,868	2,213	5,081
Additional GRCL requirement (3)	261	-	261
Total regulatory provisions	3,129	2,213	5,342

(1) Provisions as reported in financial accounts according to the Australian Accounting Standards.

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

(3) The Group has recognised an after tax deduction from Tier One Capital of $183 million in order to maintain the required minimum GRCL.

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 2012				
Industry Sector	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
Home loans	964	1,910	276	56	104
Other personal	65	188	125	(2)	262
Asset finance	43	3	19	15	10
Sovereign	-	-	-	-	-
Bank	52	-	48	-	8
Other finance	421	8	221	80	47
Agriculture	475	127	146	48	17
Mining	14	2	1	-	1
Manufacturing	185	35	107	9	36
Energy	66	-	32	3	-
Construction	106	31	65	8	108
Wholesale/retail trade	113	124	63	16	29
Transport and storage	8	15	6	1	1
Property	1,029	198	549	86	218
Other	772	165	326	61	95
Total	4,313	2,806	1,984	381	936

(1) Specific Provision Balance includes certain Australian Accounting Standards 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 2012.

	30 June 2012				
Industry Sector	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
Home loans (3)	1,082	2,529	315	64	68
Other personal	34	216	134	2	260
Asset finance	60	13	15	10	16
Sovereign	-	-	-	-	-
Bank	58	-	54	19	-
Other finance	370	7	187	22	20
Agriculture	282	28	96	12	5
Mining	5	3	1	1	-
Manufacturing	197	15	130	55	10
Energy	73	-	32	-	-
Construction	225	22	152	19	16
Wholesale/retail trade	119	40	72	6	99
Transport and storage	26	6	11	(2)	3
Property	1,361	64	653	129	201
Other	607	122	311	96	209
Total	4,499	3,065	2,163	433	907

(1) Specific Provision Balance includes certain Australian Accounting Standards 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 2012.

(3) Certain comparative period information has been restated to conform to current period disclosures.

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

	31 December 2011				
Industry Sector	**Impaired assets (1) $M**	**Past due loans ≥ 90 days (1) $M**	**Specific provision balance (2) $M**	**Net half year charges for individual provisions $M**	**Half year actual losses (3) $M**
Home loans	989	2,496	281	79	39
Other personal	39	219	120	2	261
Asset finance	69	14	26	6	5
Sovereign	-	-	-	-	-
Bank	55	-	34	1	-
Other finance	368	12	193	28	15
Agriculture	228	31	80	4	32
Mining	15	3	1	-	1
Manufacturing	144	16	89	8	2
Energy	75	-	32	(5)	47
Construction	236	20	134	16	29
Wholesale/retail trade	252	35	154	97	27
Transport and storage	153	8	16	(18)	8
Property	1,424	111	727	124	146
Other	629	126	326	2	130
Total	4,676	3,091	2,213	344	742

(1) Certain comparative information has been reclassified to conform to presentation in the current period.

(2) Specific Provision Balance includes certain Australian Accounting Standards collective provisions on some past due loans ≥ 90 days.

(3) 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 2011.

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

Portfolio	31 December 2012 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)	3,232	708	1,535	327	562
Sovereign	-	-	-	-	-
Bank	52	-	48	-	8
Residential mortgage	964	1,910	276	56	104
Qualifying revolving retail	20	89	48	-	133
Other retail	45	99	77	(2)	129
Total	4,313	2,806	1,984	381	936

(1) Specific Provision Balance includes certain Australian Accounting Standards 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 2012.

(3) The movement in past due loans ≥ 90 days for Corporate in December 2012 is primarily due to a change in Bankwest process to align with CBA practice.

Portfolio	30 June 2012 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	3,325	320	1,660	348	579
Sovereign	-	-	-	-	-
Bank	58	-	54	19	-
Residential mortgage (3)	1,082	2,529	315	64	68
Qualifying revolving retail	-	103	56	-	122
Other retail	34	113	78	2	138
Total	4,499	3,065	2,163	433	907

(1) Specific Provision Balance includes certain Australian Accounting Standards 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 2012.

(3) Certain comparative period information has been restated to conform to current period disclosures.

Portfolio	31 December 2011 Impaired assets (1) $M	Past due loans ≥ 90 days (1) $M	Specific provision balance (2) $M	Net half year charges for individual provisions $M	Half year actual losses (2) $M
Corporate including SME and specialised lending	3,593	376	1,778	262	442
Sovereign	-	-	-	-	-
Bank	55	-	34	1	-
Residential mortgage	989	2,496	281	79	39
Qualifying revolving retail	-	102	58	-	136
Other retail	39	117	62	2	125
Total	4,676	3,091	2,213	344	742

(1) Certain comparative information has been reclassified to conform to presentation in the current period.

(2) Specific Provision Balance includes certain Australian Accounting Standards collective provisions on some past due loans ≥ 90 days.

(3) 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 2011.

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

	31 December 2012		
	Impaired assets	Past due loans ≥ 90 days	Specific provision balance
Geographic Region [1]	$M	$M	$M
Australia	3,840	2,683	1,832
New Zealand	372	114	83
Other	101	9	69
Total	4,313	2,806	1,984

(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 2012		
	Impaired assets	Past due loans ≥ 90 days [2]	Specific provision balance
Geographic Region [1]	$M	$M	$M
Australia	4,080	2,885	2,000
New Zealand	312	171	90
Other	107	9	73
Total	4,499	3,065	2,163

(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.
(2) Certain comparative information has been reclassified to conform to presentation in the current period.

	31 December 2011		
	Impaired assets [2]	Past due loans ≥ 90 days [2]	Specific provision balance
Geographic Region [1]	$M	$M	$M
Australia	4,185	2,887	2,105
New Zealand	281	196	65
Other	210	8	43
Total	4,676	3,091	2,213

(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.
(2) Certain comparative information has been reclassified to conform to presentation in the current period.

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

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

Geographic Region	31 Dec 12 $M	30 Jun 12 $M	31 Dec 11 $M
Australia	**2,771**	2,748	2,896
New Zealand	**109**	108	137
Other	**121**	125	96
Total GRCL	**3,001**	2,981	3,129

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

Movement in Collective Provisions	Half Year Ended 31 Dec 12 $M	30 Jun 12 $M	31 Dec 11 $M
Opening balance	**2,837**	2,984	3,043
Net charge against profit and loss	**299**	111	201
Recoveries	**74**	127	101
Other	**(3)**	(1)	(5)
Write-offs	**(349)**	(384)	(356)
Total collective provisions	**2,858**	2,837	2,984
Less collective provisions transferred to specific provisions	**(139)**	(155)	(116)
Additional GRCL requirement (1)	**282**	299	261
General reserve for credit losses	**3,001**	2,981	3,129

(1) The Group has recognised an after tax deduction from Tier One Capital of $197 million for 31 December 2012 (30 June 2012: $209 million; 31 December 2011: $183 million) in order to maintain the required minimum GRCL.

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

Movement in Individual Provisions	Half Year Ended 31 Dec 12 $M	30 Jun 12 $M	31 Dec 11 $M
Opening balance for the period	**2,008**	2,097	2,125
Net new and increased provisioning	**521**	662	540
Net write back of provisions no longer required	**(140)**	(229)	(196)
Discount unwind to interest income	**(51)**	(59)	(63)
Other	**168**	187	178
Write-offs	**(661)**	(650)	(487)
Individual provisions	**1,845**	2,008	2,097
Add collective provisions transferred to specific provisions	**139**	155	116
Specific provisions	**1,984**	2,163	2,213

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);
- Non-rated Corporate exposures;
- Some residential mortgages (purchased portfolios);
- Reverse mortgages;
- Margin Lending;
- Non-recourse purchased receivables; and
- Some branches (China, India & Vietnam).

ASB Bank Limited:

- Personal Loans.

Bankwest:

- Retail SME;
- Some residential mortgages (equity lines of credit); and
- Unsecured consumer retail (personal loans, credit cards and personal cheque accounts).

All exposures in the following entities:

- CommBank Europe Limited;
- PT Bank Commonwealth (Indonesia); and
- China County Banks.

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

Standardised Approach Exposures (1)	Exposure After Risk Mitigation (1) 31 Dec 12 $M	30 Jun 12 $M	31 Dec 11 $M
Risk weight			
0%	**3,559**	6,301	7,508
20%	**5,755**	10,459	10,885
35%	**2,484**	39,663	38,078
50%	**2,387**	12,339	11,813
75%	**152**	681	666
100%	**12,559**	29,242	31,448
150%	**1,324**	1,869	1,158
> 150%	**-**	-	-
Capital deductions	**-**	-	-
Total	**28,220**	100,554	101,556

(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 2012 Exposure $M	Risk weight %	RWA $M
Cash	2,730	-	-
Cash items in course of collection	1,649	20	330
Margin lending	3,244	20	649
Fixed assets	1,468	100	1,468
Other	1,677	100	1,677
Total	10,768	38	4,124

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

Other Assets [1]	30 June 2012 Exposure $M	Risk weight %	RWA $M
Cash	2,715	-	-
Cash items in course of collection	1,086	20	217
Margin lending	3,466	20	693
Fixed assets	1,523	100	1,523
Other	807	100	807
Total	9,597	34	3,240

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

Other Assets [1]	31 December 2011 Exposure $M	Risk weight %	RWA $M
Cash	3,650	-	-
Cash items in course of collection	848	20	170
Margin lending	3,580	20	716
Fixed assets	1,350	100	1,350
Other	2,979	100	2,979
Total	12,407	42	5,215

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

Specialised Lending Exposures Subject to Supervisory Slotting [1]	31 Dec 12 $M	30 Jun 12 $M	31 Dec 11 $M
Risk Weight			
0%	**1,623**	743	745
70%	**15,800**	14,263	15,559
90%	**27,551**	20,559	19,720
115%	**8,660**	5,466	5,864
250%	**1,033**	547	613
Total exposures	**54,667**	41,578	42,501

(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 Credit Exposures	31 Dec 12 $M	30 Jun 12 $M	31 Dec 11 $M
Risk Weight			
300%	**458**	445	421
400%	**256**	251	286
Total credit exposures	**714**	696	707

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% - 0.04%
Strong	B1, B2, B3, C1, C2, C3	0.04% - 0.45%
Pass	D1, D2, D3, E1, E2, E3	0.45% - 4.35%
Weak/doubtful	F1, F2, F3, G1, G2, G3	> 4.35%
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 and internal rating tools.
Middle market and local business banking exposures	Risk rating assigned by PD Rating Tools.
SME retail exposures < $1m	SME Behaviour Score assigned PD pools.
Consumer retail exposures	PD pools are product specific and assigned based on customer and facility characteristics. Characteristics used to assign exposures to pools include application scores, behaviour scores, prepayments, utilisation, time on books and past default experience.

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.

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

	31 December 2012							
	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	$M
Total credit risk exposures								
Corporate	-	25,943	38,219	18,835	788	750	1,073	**85,608**
SME corporate	-	434	4,138	35,232	3,230	1,369	2,060	**46,463**
SME retail	-	-	1,073	5,252	1,667	316	210	**8,518**
Sovereign	46,723	886	594	1,195	13	1	-	**49,412**
Bank	-	37,185	1,777	545	14	-	159	**39,680**
Total	46,723	64,448	45,801	61,059	5,712	2,436	3,502	**229,681**
Undrawn commitments [2]								
Corporate	-	11,764	17,742	5,445	281	50	35	**35,317**
SME corporate	-	62	868	4,930	299	84	29	**6,272**
SME retail	-	-	665	772	298	8	9	**1,752**
Sovereign	834	116	420	1,114	13	1	-	**2,498**
Bank	-	2,278	369	313	4	-	-	**2,964**
Total	834	14,220	20,064	12,574	895	143	73	**48,803**
Exposure - weighted average EAD ($M)								
Corporate	-	6. 167	4. 374	0. 815	1. 328	1. 889	3. 214	**4. 070**
SME corporate	-	0. 163	0. 292	0. 184	0. 247	0. 378	0. 713	**0. 227**
SME retail	-	-	0. 007	0. 009	0. 033	0. 056	0. 060	**0. 016**
Sovereign	7. 663	1. 043	1. 181	0. 443	0. 131	1. 162	-	**7. 290**
Bank	-	10. 646	4. 271	0. 127	4. 662	-	22. 746	**10. 262**
Exposure - weighted average LGD (%)								
Corporate	-	56. 6	55. 5	48. 4	44. 7	44. 2	48. 7	**54. 0**
SME corporate	-	58. 1	31. 8	29. 6	28. 4	31. 1	36. 0	**30. 3**
SME retail	-	-	33. 6	41. 8	29. 6	50. 1	39. 6	**38. 6**
Sovereign	21. 8	42. 7	44. 4	9. 2	7. 1	5. 0	-	**22. 1**
Bank	-	61. 3	60. 4	61. 0	61. 3	-	61. 3	**61. 3**
Exposure - weighted average risk weight (%)								
Corporate	-	29. 2	62. 8	86. 2	143. 5	227. 5	111. 3	**60. 6**
SME corporate	-	20. 3	33. 2	53. 3	77. 6	148. 9	293. 4	**66. 4**
SME retail	-	-	17. 7	49. 7	42. 2	101. 7	189. 6	**49. 6**
Sovereign	6. 4	23. 5	40. 1	21. 1	23. 5	26. 0	-	**7. 5**
Bank	-	18. 9	49. 7	72. 3	245. 8	-	-	**21. 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 Risk Exposures above.

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.

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

	30 June 2012							
	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] [2]	$M	$M	$M	$M	$M	$M	$M	$M
Total credit risk exposure								
Corporate	-	26,134	36,634	17,741	861	672	623	82,665
SME corporate	-	495	3,977	28,322	2,523	1,073	846	37,236
SME retail	-	-	978	5,235	1,765	224	180	8,382
Sovereign	43,592	1,311	644	1,047	12	3	-	46,609
Bank	-	32,884	2,250	153	-	-	39	35,326
Total	43,592	60,824	44,483	52,498	5,161	1,972	1,688	210,218
Undrawn commitments [3]								
Corporate	-	12,470	15,226	4,326	119	46	31	32,218
SME corporate	-	131	772	4,173	228	44	20	5,368
SME retail	-	-	599	755	298	9	6	1,667
Sovereign	1,293	195	402	1,021	12	3	-	2,926
Bank	-	1,861	374	109	-	-	-	2,344
Total	1,293	14,657	17,373	10,384	657	102	57	44,523
Exposure - weighted average EAD ($M)								
Corporate	-	5. 937	4. 315	0. 802	1. 295	1. 397	2. 857	4. 008
SME corporate	-	0. 211	0. 276	0. 153	0. 208	0. 302	0. 487	0. 182
SME retail	-	-	0. 006	0. 009	0. 033	0. 040	0. 052	0. 016
Sovereign	6. 946	1. 463	1. 118	0. 379	0. 158	2. 634	-	6. 562
Bank	-	11. 005	4. 230	0. 037	-	-	13. 073	10. 528
Exposure - weighted average LGD (%)								
Corporate	-	58. 6	55. 3	46. 9	37. 2	43. 5	47. 0	54. 2
SME corporate	-	58. 8	33. 7	30. 4	29. 3	33. 4	35. 8	31. 2
SME retail	-	-	33. 4	41. 8	29. 0	35. 5	32. 4	37. 8
Sovereign	17. 7	46. 1	45. 4	6. 9	5. 4	5. 0	-	18. 7
Bank	-	61. 3	58. 3	60. 9	-	-	61. 3	61. 1
Exposure - weighted average risk weight (%)								
Corporate	-	30. 9	62. 8	83. 8	123. 0	214. 9	141. 9	59. 7
SME corporate	-	19. 6	34. 6	52. 4	77. 9	159. 2	275. 6	59. 9
SME retail	-	-	17. 6	49. 8	41. 3	78. 2	216. 3	48. 6
Sovereign	5. 0	26. 6	40. 9	18. 1	16. 9	25. 4	-	6. 4
Bank	-	19. 6	45. 8	93. 3	-	-	-	21. 6

(1) This comparative period does not include Bankwest.

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

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

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

	31 December 2011							
	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) (2)	$M	$M	$M	$M	$M	$M	$M	$M
Total credit risk exposure								
Corporate	-	24,262	32,895	17,169	1,034	828	592	76,780
SME corporate	-	601	3,856	27,407	2,696	1,330	818	36,708
SME retail	-	-	1,151	6,154	1,819	193	186	9,503
Sovereign	39,799	928	560	67	-	-	-	41,354
Bank	-	37,043	1,765	154	16	-	40	39,018
Total	39,799	62,834	40,227	50,951	5,565	2,351	1,636	203,363
Undrawn commitments (3)								
Corporate	-	12,683	14,937	4,546	85	89	27	32,367
SME corporate	-	172	869	4,112	303	60	18	5,534
SME retail	-	-	713	1,014	334	17	6	2,084
Sovereign	1,339	166	253	16	-	-	-	1,774
Bank	-	1,758	437	97	-	-	-	2,292
Total	1,339	14,779	17,209	9,785	722	166	51	44,051
Exposure - weighted average EAD ($M)								
Corporate	-	4. 751	4. 240	0. 809	2. 191	1. 604	2. 312	3. 563
SME corporate	-	0. 232	0. 275	0. 205	0. 201	0. 308	0. 417	0. 221
SME retail	-	-	0. 007	0. 011	0. 032	0. 045	0. 052	0. 061
Sovereign	5. 653	1. 160	0. 967	0. 030	-	-	-	5. 480
Bank	-	9. 728	5. 147	1. 329	16. 182	-	6. 584	9. 487
Exposure - weighted average LGD (%)								
Corporate	-	60. 0	56. 3	45. 1	34. 2	47. 5	48. 0	54. 5
SME corporate	-	56. 8	34. 2	30. 3	29. 4	32. 6	36. 0	31. 3
SME retail	-	-	31. 8	41. 2	28. 2	35. 6	31. 8	37. 3
Sovereign	20. 6	61. 3	61. 3	61. 3	-	-	-	22. 1
Bank	-	61. 2	59. 9	59. 3	61. 3	-	61. 0	61. 1
Exposure - weighted average risk weight (%)								
Corporate	-	31. 4	61. 8	80. 0	115. 2	245. 2	181. 5	59. 9
SME corporate	-	20. 5	34. 7	52. 5	76. 5	156. 4	265. 5	60. 4
SME retail	-	-	16. 8	49. 1	40. 3	79. 4	206. 1	47. 2
Sovereign	6. 1	38. 3	62. 8	101. 5	-	-	-	7. 7
Bank	-	18. 5	45. 8	91. 8	225. 3	-	189. 8	20. 3

(1) This comparative period does not include Bankwest.

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

(3) The credit exposure value of undrawn commitments included in Total Credit Risk 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 2012							
	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	$M
Total credit risk exposures								
Residential mortgage	86,345	129,422	58,943	123,386	8,491	8,875	3,082	**418,544**
Qualifying revolving retail	10,596	3,012	-	4,927	2,838	567	128	**22,068**
Other retail	-	373	679	5,403	1,155	499	66	**8,175**
Total	96,941	132,807	59,622	133,716	12,484	9,941	3,276	**448,787**
Undrawn commitments (1)								
Residential mortgage	39,600	8,669	2,363	12,643	269	48	8	**63,600**
Qualifying revolving retail	7,966	2,122	-	2,053	434	80	-	**12,655**
Other retail	-	345	560	656	69	76	-	**1,706**
Total	47,566	11,136	2,923	15,352	772	204	8	**77,961**
Exposure - weighted average EAD ($M)								
Residential mortgage	0. 198	0. 251	0. 246	0. 190	0. 251	0. 226	0. 253	**0. 221**
Qualifying revolving retail	0. 008	0. 007	-	0. 008	0. 009	0. 007	0. 008	**0. 008**
Other retail	-	0. 002	0. 005	0. 008	0. 005	0. 002	0. 004	**0. 007**
Exposure - weighted average LGD (%)								
Residential mortgage	20. 0	20. 1	20. 2	20. 9	21. 8	20. 3	20. 4	**20. 4**
Qualifying revolving retail	78. 0	78. 3	-	84. 5	88. 4	87. 9	86. 6	**81. 1**
Other retail	-	94. 2	90. 3	97. 0	97. 8	99. 4	98. 2	**96. 6**
Exposure - weighted average risk weight (%)								
Residential mortgage	2. 2	8. 5	13. 7	22. 8	70. 4	97. 3	0. 1	**15. 2**
Qualifying revolving retail	3. 1	11. 3	-	32. 9	107. 7	197. 3	-	**29. 3**
Other retail	-	43. 1	59. 0	104. 6	144. 4	220. 3	1. 8	**109. 9**

(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 2012							
	PD Grade							
	0 < 0.1%	**0.1% < 0.3%**	**0.3% < 0.5%**	**0.5% < 3%**	**3% < 10%**	**10% < 100%**	**Default**	**Total**
Retail (1)	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
Total credit risk exposures								
Residential mortgage	76,957	111,839	35,519	110,312	7,768	7,959	3,256	353,610
Qualifying revolving retail	10,027	2,949	-	4,812	3,017	603	147	21,555
Other retail	-	245	651	4,954	1,161	511	75	7,597
Total	86,984	115,033	36,170	120,078	11,946	9,073	3,478	382,762
Undrawn commitments (2)								
Residential mortgage	33,592	7,249	1,411	11,618	345	56	8	54,279
Qualifying revolving retail	7,693	2,106	-	1,973	449	78	-	12,299
Other retail	-	231	544	619	66	71	-	1,531
Total	41,285	9,586	1,955	14,210	860	205	8	68,109
Exposure - weighted average EAD ($M)								
Residential mortgage	0. 194	0. 240	0. 211	0. 185	0. 230	0. 229	0. 241	0. 209
Qualifying revolving retail	0. 008	0. 007	-	0. 008	0. 009	0. 007	0. 007	0. 008
Other retail	-	0. 002	0. 005	0. 009	0. 006	0. 002	0. 004	0. 007
Exposure - weighted average LGD (%)								
Residential mortgage	20. 0	20. 1	20. 3	20. 7	22. 2	20. 5	20. 5	20. 4
Qualifying revolving retail	77. 4	77. 9	-	84. 6	88. 3	88. 0	86. 3	81. 0
Other retail	-	93. 4	90. 3	96. 9	97. 6	99. 4	98. 3	96. 5
Exposure - weighted average risk weight (%)								
Residential mortgage	2. 2	8. 4	13. 6	22. 8	74. 3	97. 0	-	15. 4
Qualifying revolving retail	3. 0	11. 2	-	33. 1	108. 9	196. 9	-	31. 1
Other retail	-	42. 7	59. 0	104. 5	143. 8	220. 4	0. 5	111. 4

(1) This comparative period does not include Bankwest.

(2) 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 2011							
	PD Grade							
	0 < 0.1%	0.1% < 0.3%	0.3% < 0.5%	0.5% < 3%	3% < 10%	10% < 100%	Default	Total
Retail (1)	$M	$M	$M	$M	$M	$M	$M	$M
Total credit risk exposures								
Residential mortgage	74,941	108,778	35,861	110,057	7,509	7,696	3,256	348,098
Qualifying revolving retail	9,821	2,810	-	4,670	2,889	612	146	20,948
Other retail	-	183	613	4,679	1,147	364	98	7,084
Total	84,762	111,771	36,474	119,406	11,545	8,672	3,500	376,130
Undrawn commitments (2)								
Residential mortgage	33,437	7,520	1,250	11,724	389	44	8	54,372
Qualifying revolving retail	7,365	1,990	-	1,978	443	85	-	11,861
Other retail	-	172	505	555	55	65	-	1,352
Total	40,802	9,682	1,755	14,257	887	194	8	67,585
Exposure - weighted average EAD ($M)								
Residential mortgage	0. 190	0. 240	0. 220	0. 180	0. 230	0. 230	0. 240	0. 210
Qualifying revolving retail	0. 010	0. 010	-	0. 010	0. 010	0. 010	0. 010	0. 010
Other retail	-	-	0. 010	0. 010	0. 010	-	-	0. 010
Exposure - weighted average LGD (%)								
Residential mortgage	20. 0	20. 1	20. 2	20. 8	22. 6	20. 3	20. 5	20. 3
Qualifying revolving retail	77. 6	77. 8	-	84. 2	88. 1	87. 7	86. 3	80. 9
Other retail	-	92. 4	90. 3	96. 8	98. 1	100. 5	98. 4	96. 6
Exposure - weighted average risk weight (%)								
Residential mortgage	2. 1	8. 4	13. 5	23. 0	74. 1	95. 8	-	15. 5
Qualifying revolving retail	3. 0	11. 2	-	32. 9	108. 7	196. 3	-	31. 0
Other retail	-	42. 3	59. 0	111. 2	144. 6	224. 2	0. 2	114. 6

(1) This comparative period does not include Bankwest.

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

Analysis of Losses

The following tables provide a summary of financial losses by IRB portfolio (APS 330 Table 6e) and a comparison of losses against the Group's regulatory EL estimates (APS 330 Table 6f(ii)).

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

	31 December 2012		
	Half year losses in reporting period		
	Gross write-offs	Recoveries	Actual losses
Portfolio Type	**$M**	**$M**	**$M**
Corporate	111	(3)	108
SME Corporate	132	(2)	130
SME retail (including SME retail secured by residential mortgages)	23	(3)	20
Specialised lending	301	-	301
Total corporate including SME and specialised lending	567	(8)	559
Sovereign	-	-	-
Bank	8	-	8
Residential mortgage (excluding SME retail secured by residential mortgages)	106	(2)	104
Qualifying revolving retail	160	(27)	133
Other retail	128	(26)	102
Total advanced IRB and specialised lending portfolios	969	(63)	906

	30 June 2012		
	Full year losses in reporting period		
	Gross write-offs	Recoveries	Actual losses
Portfolio Type	**$M**	**$M**	**$M**
Corporate	138	(20)	118
SME Corporate	158	(14)	144
SME retail (including SME retail secured by residential mortgages)	57	(16)	41
Specialised lending	262	(3)	259
Total corporate including SME and specialised lending	615	(53)	562
Sovereign	-	-	-
Bank	-	-	-
Residential mortgage (excluding SME retail secured by residential mortgages)	104	(5)	99
Qualifying revolving retail	322	(64)	258
Other retail	282	(54)	228
Total advanced IRB and specialised lending portfolios	1,323	(176)	1,147

	31 December 2011		
	Half year losses in reporting period		
	Gross write-offs	Recoveries	Actual losses
Portfolio Type	**$M**	**$M**	**$M**
Total corporate including SME and specialised lending	286	(22)	264
Sovereign	-	-	-
Bank	-	-	-
Residential mortgage (excluding SME retail secured by residential mortgages)	41	(4)	37
Qualifying revolving retail	161	(25)	136
Other retail	137	(19)	118
Total advanced IRB and specialised lending portfolios	625	(70)	555

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

	31 December 2012	
	Half year actual loss $M	Regulatory one year expected loss estimate $M
Corporate	108	900
SME corporate	130	788
SME retail (including SME retail secured by residential mortgages)	20	144
Specialised lending	301	1,420
Total corporate including SME and specialised lending	559	3,252
Sovereign	-	4
Bank	8	175
Residential mortgage (excluding SME retail secured by residential mortgages)	104	1,331
Qualifying revolving retail	133	399
Other retail	102	336
Total advanced IRB and specialised lending portfolios	906	5,497

	30 June 2012 (1)	
	Full year actual loss $M	Regulatory one year expected loss estimate $M
Corporate	118	507
SME corporate	144	395
SME retail (including SME retail secured by residential mortgages)	41	137
Specialised lending	259	790
Total corporate including SME and specialised lending	562	1,829
Sovereign	-	4
Bank	-	52
Residential mortgage (excluding SME retail secured by residential mortgages)	99	1,303
Qualifying revolving retail	258	430
Other retail	228	343
Total advanced IRB and specialised lending portfolios	1,147	3,961

(1) This comparative period does not include Bankwest.

	31 December 2011 (1)	
	Half year actual loss $M	Regulatory one year expected loss estimate $M
Total corporate including SME and specialised lending	264	1,888
Sovereign	-	3
Bank	-	33
Residential mortgage	37	1,310
Qualifying revolving retail	136	425
Other retail	118	346
Total advanced IRB and specialised lending portfolios	555	4,005

(1) This comparative period does not include Bankwest.

Actual outcomes may differ from modelled regulatory estimates for a number of reasons.

Actual losses are historical and are based on the quality of the assets in prior periods, write-offs (whether full or partial) and recent economic conditions.

Regulatory EL for AIRB portfolios (calculated as the product of PD, LGD and EAD) is based on the quality of exposures at a point in time using long-run PDs and downturn LGDs as required by APRA. Actual losses would be below the regulatory EL estimate in most years.

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 provision.

Regulatory EL measures economic loss and includes costs (e.g. internal workout costs) not included in actual losses.

There was no significant change in Regulatory EL during the half year.

Accuracy of Risk Estimates

Probability of Default

APS 330 Table 6f (ii) compares estimates of long-run PD to actual default rates averaged over 4.5 financial years to 31 December 2012, where results for the half year to December 2012 have been annualised without adjustment for seasonality.

APS 330 Table 6f (ii) – Accuracy of risk estimates – PD

	As at 31 December 2012	
Portfolio Type	**Average estimated PD %**	**Average actual PD %**
Corporate	1. 35	0. 90
SME corporate	2. 27	1. 83
SME retail (including SME retail secured by residential mortgages)	1. 84	0. 92
Specialised lending (1)	n/a	1. 51
Sovereign	0. 54	-
Bank (2)	0. 23	0. 34
Residential mortgage (excluding SME retail secured by residential mortgages)	0. 94	0. 85
Qualifying revolving retail	2. 08	2. 26
Other retail	4. 65	4. 41

(1) Average estimated PD not relevant for specialised lending under the Supervisory Slotting approach.
(2) Realised PDs for Banks based on a low volume of defaults observed.

Loss Given Default and Exposure at Default

LGDs for non-retail portfolios are based on accounts that defaulted in 2009 and 2010 financial years and LGDs for retail portfolios are based on accounts that defaulted in 2009 to 2011 financial years. Defaults occurring in the most recent year(s) have been excluded from the analysis, to allow sufficient time for workout of impaired assets, booking of losses and more meaningful disclosures.

APS 330 Table 6f(iii) shows the EAD ratio which compares estimates of EAD prior to default to realised EAD for obligors that defaulted.

APS 330 Table 6f (iii) – Accuracy of risk estimates – LGD and EAD

	As at 31 December 2012		
Portfolio Type	**Average estimated downturn LGD (3) %**	**Average actual LGD (3) %**	**Ratio of estimated to actual EAD (3)**
Corporate	61.3	45.2	1.1
SME corporate	36.6	23.0	1.1
SME retail (including SME retail secured by residential mortgages)	41.9	26.8	1.3
Specialised lending	n/a	36.1	1.2
Sovereign	n/a	n/a	n/a
Bank (1)	65.0	102.0	1.8
Residential mortgage (excluding SME retail secured by residential mortgages) (2)	20.9	6.5	1.0
Qualifying revolving retail	85.9	64.5	1.1
Other retail	94.4	77.4	1.0

(1) Realised LGDs for Banks based on a low volume of defaults observed.
(2) Estimated downturn LGD based on minimum regulatory floor requirements imposed by APRA and RBNZ.
(3) LGD and EAD estimates and actuals have not changed from those reported at 30 June 2012. Refer to Group Pillar 3 report for 30 June 2012 for more information on methodology of coverage.

4.5 Credit Risk Mitigation

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

	31 December 2012				
	Total exposure [1] $M	Eligible financial collateral $M	Exposures covered by guarantees $M	Exposures covered by credit derivatives $M	Coverage %
Advanced approach					
Corporate	85,608	-	903	-	1. 1
SME corporate	46,463	-	-	5	-
SME retail	8,518	-	-	-	-
Sovereign	49,412	-	-	-	-
Bank	39,680	-	455	263	1. 8
Residential mortgage	418,544	-	-	-	-
Qualifying revolving retail	22,068	-	-	-	-
Other retail	8,175	-	-	-	-
Total advanced approach	678,468	-	1,358	268	0. 2
Specialised lending	54,667	-	-	-	-
Standardised approach					
Corporate	3,945	2	-	-	-
SME corporate	335	1	-	-	0. 2
SME retail	4,877	11	-	-	0. 2
Sovereign	839	-	-	-	-
Bank	350	-	-	-	-
Residential mortgage	4,863	2	-	-	-
Other retail	2,255	-	-	-	-
Other assets	10,768	-	-	-	-
Total standardised approach	28,232	16	-	-	0. 1
Total exposures	761,367	16	1,358	268	0. 2

(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 2012				
	Total exposure (1) $M	Eligible financial collateral $M	Exposures covered by guarantees $M	Exposures covered by credit derivatives $M	Coverage %
Advanced approach					
Corporate	82,665	-	601	-	0. 7
SME corporate	37,236	-	-	7	-
SME retail	8,382	-	-	-	-
Sovereign	46,609	-	-	-	-
Bank	35,326	-	264	430	2. 0
Residential mortgage	353,610	-	-	-	-
Qualifying revolving retail	21,555	-	-	-	-
Other retail	7,597	-	-	-	-
Total advanced approach	592,980	-	865	437	0. 2
Specialised lending	41,578	-	-	-	-
Standardised approach					
Corporate	10,359	61	-	-	0. 6
SME corporate	6,441	46	-	-	0. 7
SME retail	5,135	16	-	-	0. 3
Sovereign	2,392	3	-	-	0. 1
Bank	6,481	-	-	-	-
Residential mortgage	57,630	56	-	-	0. 1
Other retail	2,594	1	-	-	-
Other assets	9,597	-	-	-	-
Total standardised approach	100,629	183	-	-	0. 2
Total exposures	735,187	183	865	437	0. 2

(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 2011				
	Total exposure (1) $M	Eligible financial collateral $M	Exposures covered by guarantees $M	Exposures covered by credit derivatives $M	Coverage %
Advanced approach					
Corporate	76,780	-	619	-	0. 8
SME corporate	36,708	-	-	-	-
SME retail	9,503	-	-	-	-
Sovereign	41,354	-	-	-	-
Bank	39,018	-	332	442	2. 0
Residential mortgage	348,098	-	-	-	-
Qualifying revolving retail	20,948	-	-	-	-
Other retail	7,084	-	-	-	-
Total advanced approach	579,493	-	951	442	0. 2
Specialised lending	42,501	-	-	-	-
Standardised approach					
Corporate	9,952	106	-	-	1. 1
SME corporate	6,924	44	-	-	0. 6
SME retail	5,310	16	-	-	0. 3
Sovereign	2,754	3	-	-	0. 1
Bank	6,528	-	37	-	0. 6
Residential mortgage	55,108	63	-	-	0. 1
Other retail	2,633	2	-	-	0. 1
Other assets	12,407	-	-	-	-
Total standardised approach	101,616	234	37	-	0. 3
Total exposures	723,610	234	988	442	0. 2

(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 9g (i) – Banking book exposures securitised - traditional securitisation

	31 December 2012			
Underlying Asset	Bank originated assets [1] $M	Third party originated assets [2] $M	Facilities provided [3] $M	Other (Manager Services) $M
Residential mortgage	4,935	-	269	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	77	79	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	4,935	77	348	-

	30 June 2012			
Underlying Asset	Bank originated assets [1] $M	Third party originated assets [2] $M	Facilities provided [3] $M	Other (Manager Services) $M
Residential mortgage	5,932	588	469	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	79	78	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	5,932	667	547	-

	31 December 2011			
Underlying Asset	Bank originated assets [1] $M	Third party originated assets [2] $M	Facilities provided [3] $M	Other (Manager Services) $M
Residential mortgage	6,681	448	463	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	81	76	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	6,681	529	539	-

(1) Bank originated assets comprise Medallion and Swan Trusts but exclude those assets held for contingent liquidity purposes.
(2) Third party originated assets comprise assets managed and sponsored by the Bank through Asset Backed Commercial Paper Program.
(3) Facilities provided include liquidity facilities and derivatives provided to Medallion Trusts and facilities related to third party originated assets.

APS 330 Table 9g (ii) – Banking book exposures securitised – synthetic securitisation

APS 120 provides specific regulatory treatment for synthetic securitisations where credit risk is transferred to a third party, however, legal ownership of the underlying assets remains with the originator.

The Group has not undertaken any synthetic securitisation in the banking book.

APS 330 Table 9g (iii) – Total banking book exposures securitised

APS 330 Table 9g (i) discloses the total banking book exposures securitised by the Group.

APS 330 Table 9h - Past due and impaired banking book exposures by asset type

	31 December 2012			
	Group originated assets securitised			
Underlying Asset	Outstanding exposure $M	Impaired $M	Past due $M	Losses recognised $M
Residential mortgage	4,935	10	29	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	77	1	1	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	5,012	11	30	-

	30 June 2012			
	Group originated assets securitised			
Underlying Asset	Outstanding exposure $M	Impaired $M	Past due $M	Losses recognised $M
Residential mortgage	6,520	9	39	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	79	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	6,599	9	39	-

	31 December 2011			
	Group originated assets securitised			
Underlying Asset	Outstanding exposure $M	Impaired $M	Past due $M	Losses recognised $M
Residential mortgage	7,129	15	47	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	81	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	7,210	15	47	-

APS 330 Table 9i – Banking book exposures intended to be securitised

The Group does not have any outstanding banking book exposures that are intended to be securitised at 31 December 2012.

APS 330 Table 9j (i) - Banking book activity for the reporting period

The Group securitised $1,025 million of new exposures in the banking book during the half year ended 31 December 2012.

	Half year ended 31 December 2012	
Underlying Asset Type	**Total exposures securitised $M**	**Recognised gain or loss on sale $M**
Residential mortgage	1,025	-
Credit cards and other personal loans	-	-
Auto and equipment finance	-	-
Commercial loans	-	-
Other	-	-
Total	1,025	-

	Full year ended 30 June 2012	
Underlying Asset Type	**Total exposures securitised $M**	**Recognised gain or loss on sale $M**
Residential mortgage (1)	34,299	-
Credit cards and other personal loans	-	-
Auto and equipment finance	-	-
Commercial loans	-	-
Other	-	-
Total	34,299	-

	Half year ended 31 December 2011	
Underlying Asset Type	**Total exposures securitised $M**	**Recognised gain or loss on sale $M**
Residential mortgage	3,159	-
Credit cards and other personal loans	-	-
Auto and equipment finance	-	-
Commercial loans	-	-
Other	-	-
Total	3,159	-

(1) New banking book activity during the year to 30 June 2012 includes $31 billion of residential mortgages to upsize securities held for contingent liquidity purposes.

APS330 Table 9k - Banking Book securitisation exposures retained or purchased

Securitisation facility type	31 December 2012 On balance sheet $M	Off balance sheet $M	Total exposures $M
Liquidity support facilities	-	108	108
Warehouse facilities	2,621	1,307	3,928
Derivative facilities	174	-	174
Holdings of securities	4,490	-	4,490
Other	-	-	-
Total securitisation exposures in the banking book	7,285	1,415	8,700

Securitisation facility type	30 June 2012 On balance sheet $M	Off balance sheet $M	Total exposures $M
Liquidity support facilities	20	321	341
Warehouse facilities	3,202	1,494	4,696
Derivative facilities	151	6	157
Holdings of securities	4,558	-	4,558
Other	-	16	16
Total securitisation exposures in the banking book	7,931	1,837	9,768

Securitisation facility type	31 December 2011 On balance sheet $M	Off balance sheet $M	Total exposures $M
Liquidity support facilities	24	325	349
Warehouse facilities	3,824	1,195	5,019
Derivative facilities	157	14	171
Holdings of securities	4,081	-	4,081
Other	-	4	4
Total securitisation exposures in the banking book	8,086	1,538	9,624

APS 330 Table 9I (i) - Banking book exposures by risk weighting

Total securitisation exposures in the banking book decreased by $1,336 million or 13.8% during the half year ended 31 December 2012. The corresponding RWA decreased by $1,697 million or 61.5%. This was mainly due to warehouse exposure runoff and changes in risk profile for securitisation exposures.

	31 December 2012					
	Exposures		Risk Weighted Assets		Total	Total
	Securitisation	Resecuritisation	Securitisation	Resecuritisation	exposures	RWA
Risk Weight Band [1]	$M	$M	$M	$M	$M	$M
≤ 25%	8,059	5	824	1	**8,064**	**825**
> 25% ≤ 35%	33	-	11	-	**33**	**11**
> 35% ≤ 50%	-	-	-	-	**-**	**-**
> 50% ≤ 75%	250	-	138	-	**250**	**138**
> 75% ≤ 100%	-	-	-	-	**-**	**-**
> 100% ≤ 650%	21	-	90	-	**21**	**90**
> 650% < 1250%	-	-	-	-	**-**	**-**
Total	8,363	5	1,063	1	**8,368**	**1,064**

	30 June 2012					
	Exposures		Risk Weighted Assets		Total	Total
	Securitisation	Resecuritisation	Securitisation	Resecuritisation	exposures	RWA
Risk Weight Band [1]	$M	$M	$M	$M	$M	$M
≤ 25%	8,753	207	790	41	**8,960**	**831**
> 25% ≤ 35%	63	-	22	-	**63**	**22**
> 35% ≤ 50%	-	-	-	-	**-**	**-**
> 50% ≤ 75%	250	-	138	-	**250**	**138**
> 75% ≤ 100%	31	-	31	-	**31**	**31**
> 100% ≤ 650%	400	-	1,739	-	**400**	**1,739**
> 650% < 1250%	-	-	-	-	**-**	**-**
Total	9,497	207	2,720	41	**9,704**	**2,761**

	31 December 2011					
	Exposures		Risk Weighted Assets		Total	Total
	Securitisation	Resecuritisation	Securitisation	Resecuritisation	exposures	RWA
Risk Weight Band [2]	$M	$M	$M	$M	$M	$M
≤ 25%	8,285	242	779	45	**8,527**	**824**
> 25% ≤ 35%	366	-	128	-	**366**	**128**
> 35% ≤ 50%	-	-	-	-	**-**	**-**
> 50% ≤ 75%	51	15	39	11	**66**	**50**
> 75% ≤ 100%	34	-	33	-	**34**	**33**
> 100% ≤ 650%	586	-	1,535	-	**586**	**1,535**
> 650% < 1250%	-	-	-	-	**-**	**-**
Total	9,322	257	2,514	56	**9,579**	**2,570**

(1) EAD and RWA have been calculated according to the revised APS 120 Standard effective 1 January 2012.

(2) EAD and RWA have been calculated according to the old APS 120 Standard as at 31 December 2011. Both EAD and RWA have been separately disclosed between Securitisation and Resecuritisation for comparative purposes only.

APS 330 Table 9l (ii) - Banking book exposures deducted entirely from capital

Total securitisation exposures deducted from Tier 1 and Tier 2 Capital increased $268 million during the half year ended 31 December 2012 due to changes in risk profile for securitisation exposures.

	31 December 2012		
Underlying Asset Type	Deductions from Tier One Capital $M	Deductions from Tier Two Capital $M	Total $M
Residential mortgage	156	156	312
Credit cards and other personal loans	-	-	-
Auto and equipment finance	8	8	16
Commercial loans	2	2	4
Other	-	-	-
Total	166	166	332

	30 June 2012		
Underlying Asset Type	Deductions from Tier One Capital $M	Deductions from Tier Two Capital $M	Total $M
Residential mortgage	26	26	52
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	6	6	12
Other	-	-	-
Total	32	32	64

	31 December 2011		
Underlying Asset Type	Deductions from Tier One Capital $M	Deductions from Tier Two Capital $M	Total $M
Residential mortgage	7	7	14
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	16	16	32
Other	-	-	-
Total	23	23	46

APS 330 Table 9m – Banking book exposures subject to early amortisation

The Group has not undertaken any securitisation subject to early amortisation treatment.

APS 330 Table 9n – Banking book resecuritisation exposures

As at 31 December 2012, banking book resecuritisation exposures without credit risk mitigation total $31 million (30 June 2012: $249 million; 31 December 2011: $257 million).

The Group has not undertaken any resecuritisation exposures subject to credit risk mitigation.

The Group has not undertaken any third party guarantors providing guarantees for securitised assets.

APS 330 Table 9o (i) - Trading book exposures securitised - traditional securitisations

	31 December 2012			
Underlying Asset	Bank originated assets (1) $M	Third party originated assets (2) $M	Facilities provided (3) $M	Other (Manager Services) $M
Residential mortgage	-	-	578	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	-	-	578	-

	30 June 2012			
Underlying Asset	Bank originated assets (1) $M	Third party originated assets (2) $M	Facilities provided (3) $M	Other (Manager Services) $M
Residential mortgage	-	-	668	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	-	-	668	-

	31 December 2011			
Underlying Asset	Bank originated assets (1) $M	Third party originated assets (2) $M	Facilities provided (3) $M	Other (Manager Services) $M
Residential mortgage	-	-	757	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	-	-	757	-

(1) Bank originated assets comprise Medallion and Swan Trusts but exclude those assets held for contingent liquidity purposes.
(2) Third party originated assets comprise assets managed and sponsored by the Bank through Assets Backed Commercial Paper Program.
(3) Facilities provided include liquidity facilities and derivatives provided to Medallion Trusts and facilities related to third party originated assets.

APS 330 Table 9o (ii) – Trading book exposures securitised – synthetic securitisation

The Group has not undertaken any synthetic securitisation in the trading book.

APS 330 Table 9o (iii) – Total trading book exposures securitised

APS 330 Table 9o (i) discloses the total trading book exposures securitised by the Group.

APS 330 Table 9p – Trading book exposures intended to be securitised

The Group does not have any outstanding trading book exposures that are intended to be securitised at 31 December 2012.

APS 330 Table 9q – Trading book activity for the reporting period

The Group does not have any new residential mortgages securitised in trading book for the half year to 31 December 2012 (30 June 2012: $103 million; 31 December 2011: $102 million).

APS 330 Table 9r – Trading book exposures subject to APS 116

The aggregate amount of exposures securitised by the Group and subject to Prudential Standard APS 116 "Capital Adequacy: Market Risk" was $781 million as at 31 December 2012 (30 June 2012:$965 million; 31 December 2011:$1,122 million). This consists of:

- Securities held in the Trading Book subject to the Standard Method of $35 million (30 June 2012: $26 million;31 December 2011: $38 million); and
- Derivatives held in the Trading Book subject to the Internal Models Approach (IMA) of $746 million (30 June 2012: $939 million;31 December 2011: $1,084 million).

APS330 Table 9s - Trading book exposures retained or purchased subject to APS 120

	31 December 2012		
Securitisation facility type	On balance sheet $M	Off balance sheet $M	Total exposures $M
Liquidity support facilities	-	-	-
Warehouse facilities	-	-	-
Derivative facilities	746	-	746
Holdings of securities	35	-	35
Other	-	-	-
Total securitisation exposures in the trading book	781	-	781

	30 June 2012		
Securitisation facility type	On balance sheet $M	Off balance sheet $M	Total exposures $M
Liquidity support facilities	-	-	-
Warehouse facilities	-	-	-
Derivative facilities	939	-	939
Holdings of securities	26	-	26
Other	-	-	-
Total securitisation exposures in the trading book	965	-	965

	31 December 2011		
Securitisation facility type	On balance sheet $M	Off balance sheet $M	Total exposures $M
Liquidity support facilities	-	-	-
Warehouse facilities	-	-	-
Derivative facilities	1,084	-	1,084
Holdings of securities	38	-	38
Other	-	-	-
Total securitisation exposures in the trading book	1,122	-	1,122

APS 330 Table 9t (i) – Trading book exposures retained/purchased subject to IMA

The Group has $746 million of derivatives exposures held in the Trading Book subject to IMA (default risk) under APS 116 as at 31 December 2012 (30 June 2012: $939 million; 31 December 2011: $1,084 million).

APS330 Table 9t (ii) - Trading Book exposures subject to APS 120 by risk weighting

Total securitisation exposures in the trading book decreased by $173 million during the half year ended 31 December 2012 reflecting runoff of derivatives exposures.

	31 December 2012			
Risk Weight Band	IAA Approach $M	RBA Approach $M	SFA Approach $M	Total exposures $M
≤ 25%	4	31	746	**781**
> 25% ≤ 35%	-	-	-	**-**
> 35% ≤ 50%	-	-	-	**-**
> 50% ≤ 75%	-	-	-	**-**
> 75% ≤ 100%	-	-	-	**-**
> 100% ≤ 650%	-	-	-	**-**
> 650% < 1250%	-	-	-	**-**
Total	4	31	746	**781**

	30 June 2012			
Risk Weight Band	IAA Approach $M	RBA Approach $M	SFA Approach $M	Total exposures $M
≤ 25%	5	14	933	**952**
> 25% ≤ 35%	-	-	-	**-**
> 35% ≤ 50%	-	-	-	**-**
> 50% ≤ 75%	-	-	-	**-**
> 75% ≤ 100%	-	-	-	**-**
> 100% ≤ 650%	1	-	-	**1**
> 650% < 1250%	-	-	-	**-**
Total	6	14	933	**953**

	31 December 2011			
Risk Weight Band	IAA Approach $M	RBA Approach $M	SFA Approach $M	Total exposures $M
≤ 25%	7	1,106	3	**1,116**
> 25% ≤ 35%	-	-	-	**-**
> 35% ≤ 50%	-	-	-	**-**
> 50% ≤ 75%	-	-	1	**1**
> 75% ≤ 100%	-	-	-	**-**
> 100% ≤ 650%	-	-	5	**5**
> 650% < 1250%	-	-	-	**-**
Total	7	1,106	9	**1,122**

APS 330 Table 9u (i) – Capital requirements (RWA) of securitisation exposures retained/purchased subject to IMA

The Group has $237 million of derivatives exposures held in the Trading Book subject to IMA (default risk) under APS 116 as at 31 December 2012 (30 June 2012: $261 million;31 December 2011: $398 million).

APS330 Table 9u (ii) - Capital requirements (RWA) of trading book exposures subject to APS 120 by risk weighting

Total RWA for securitisation exposures in the trading book decreased by $16 million during the half year ended 31 December 2012 reflecting runoff of derivative exposures.

Risk Weight Band (1)	IAA Approach		RBA Approach		SFA Approach		Standardised Approach		Total Capital Requirements	
	Securitisation	Resecuritisation	Securitisation	Resecuritisation	Securitisation	Resecuritisation	Securitisation	Resecuritisation	Securitisation	Resecuritisation
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
≤ 25%	1	-	2	-	52	-	-	-	**55**	**-**
> 25% ≤ 35%	-	-	-	-	-	-	-	-	**-**	**-**
> 35% ≤ 50%	-	-	-	-	-	-	-	-	**-**	**-**
> 50% ≤ 75%	-	-	-	-	-	-	-	-	**-**	**-**
> 75% ≤ 100%	-	-	-	-	-	-	-	-	**-**	**-**
> 100% ≤ 650%	-	-	-	-	-	-	-	-	**-**	**-**
> 650% < 1250%	-	-	-	-	-	-	-	-	**-**	**-**
Total	1	-	2	-	52	-	-	-	**55**	**-**

30 June 2012

Risk Weight Band (1)	IAA Approach		RBA Approach		SFA Approach		Standardised Approach		Total Capital Requirements	
	Securitisation	Resecuritisation	Securitisation	Resecuritisation	Securitisation	Resecuritisation	Securitisation	Resecuritisation	Securitisation	Resecuritisation
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
≤ 25%	1	-	1	-	65	-	-	-	**67**	**-**
> 25% ≤ 35%	-	-	-	-	-	-	-	-	**-**	**-**
> 35% ≤ 50%	-	-	-	-	-	-	-	-	**-**	**-**
> 50% ≤ 75%	-	-	-	-	-	-	-	-	**-**	**-**
> 75% ≤ 100%	-	-	-	-	-	-	-	-	**-**	**-**
> 100% ≤ 650%	4	-	-	-	-	-	-	-	**4**	**-**
> 650% < 1250%	-	-	-	-	-	-	-	-	**-**	**-**
Total	5	-	1	-	65	-	-	-	**71**	**-**

31 December 2011

Risk Weight Band (2)	IAA Approach		RBA Approach		SFA Approach		Standardised Approach		Total Capital Requirements	
	Securitisation	Resecuritisation	Securitisation	Resecuritisation	Securitisation	Resecuritisation	Securitisation	Resecuritisation	Securitisation	Resecuritisation
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
≤ 25%	-	1	101	1	-	-	-	-	**101**	**2**
> 25% ≤ 35%	-	-	-	-	-	-	-	-	**-**	**-**
> 35% ≤ 50%	-	-	-	-	-	-	-	-	**-**	**-**
> 50% ≤ 75%	-	-	-	-	1	-	-	-	**1**	**-**
> 75% ≤ 100%	-	-	-	-	-	-	-	-	**-**	**-**
> 100% ≤ 650%	-	-	-	-	21	-	-	-	**21**	**-**
> 650% < 1250%	-	-	-	-	-	-	-	-	**-**	**-**
Total	-	1	101	1	22	-	-	-	**123**	**2**

(1) EAD and RWA have been calculated according to the revised APS 120 Standard effective 1 January 2012.

(2) EAD and RWA have been calculated according to the old APS 120 Standard as at 31 December 2011. Both EAD and RWA have been presented into Securitisation and Resecuritisation for comparative purposes only.

APS 330 Table 9u (iii) – Trading book exposures entirely deducted from capital

The Group has $0.2 million of trading book exposures that are deducted entirely from Tier 1 capital as at 31 December 2012 (30 June 2012: $6 million; 31 December 2011: $0.2 million).

The Group does not have any trading book exposures that are credit enhancements deducted from total capital or any other exposures deducted from total capital.

APS 330 Table 9v – Trading book exposures subject to early amortisation

The Group has not undertaken any securitisation subject to early amortisation treatment.

APS 330 Table 9w – Trading book resecuritisation exposures

The Group does not have any trading book resecuritisation exposures without credit risk mitigation as at 31 December 2012 (30 June 2012: $11 million; 31 December 2011: $13 million).

The Group does not have any resecuritisation exposures subject to credit risk mitigation.

The Group does not have any third party guarantors providing guarantees for securitised assets.

APS 330 Table 18a – Total securitisation activity for the reporting period

The Group disclosed the summary of the current period's securitisation activity including the total amount of exposures securitised and recognised gain or loss on sale by exposure type in APS 330 Table 9j (banking book) and APS 330 Table 9q (trading book).

The total exposures (residential mortgages and other) securitised in the half year to 31 December 2012 was $1,025 million (31 December 2011: $3,262 million). Total exposures (residential mortgages and other) securitised in the full year to 30 June 2012 was $34,402 million.

APS330 Table 18b - Summary of total securitisation exposures retained or purchased

	As at 31 December 2012		
Securitisation facility type	**On balance sheet $M**	**Off balance sheet $M**	**Total exposures $M**
Liquidity support facilities	-	108	108
Warehouse facilities	2,621	1,307	3,928
Derivative facilities	920	-	920
Holdings of securities	4,525	-	4,525
Other	-	-	-
Total securitisation exposures	8,066	1,415	9,481

	As at 30 June 2012		
Securitisation facility type	**On balance sheet $M**	**Off balance sheet $M**	**Total exposures $M**
Liquidity support facilities	20	321	341
Warehouse facilities	3,202	1,494	4,696
Derivative facilities	1,090	6	1,096
Holdings of securities	4,584	-	4,584
Other	-	16	16
Total securitisation exposures	8,896	1,837	10,733

	As at 31 December 2011		
Securitisation facility type	**On balance sheet $M**	**Off balance sheet $M**	**Total exposures $M**
Liquidity support facilities	24	325	349
Warehouse facilities	3,824	1,195	5,019
Derivative facilities	1,242	14	1,256
Holdings of securities	4,118	-	4,118
Other	-	4	4
Total securitisation exposures	9,208	1,538	10,746

5. Equity Risk

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

Equity Investments	31 December 2012 Balance sheet value $M	Fair value (2) $M
Value of listed (publicly traded) equities	905	901
Value of unlisted (privately held) equities	1,396	1,396
Total (1)	2,301	2,297

(1) Equity holdings comprise $1,834 million Investments in Associates, $12 million Assets Held for Sale and $455 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 2012 Balance sheet value $M	Fair value (2) $M
Value of listed (publicly traded) equities	889	890
Value of unlisted (privately held) equities	1,319	1,319
Total (1)	2,208	2,209

(1) Equity holdings comprise $1,761 million Investments in Associates, $12 million Assets Held for Sale and $435 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 2011 Balance sheet value $M	Fair value (2) $M
Value of listed (publicly traded) equities	927	865
Value of unlisted (privately held) equities	1,283	1,283
Total (1)	2,210	2,148

(1) Equity holdings comprise $1,720 million Investments in Associates, $29 million Assets Held for Sale and $461 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 Dec 12 $M	30 Jun 12 $M	31 Dec 11 $M
Cumulative realised gains in reporting period	**23**	49	40
Total unrealised (gains) losses	**116**	29	2
Total unrealised gains included in Tier One/Tier Two Capital	**27**	9	12

Risk Weighted Assets	31 Dec 12 $M	30 Jun 12 $M	31 Dec 11 $M
Equity investments subject to a 300% risk weight	**1,373**	1,335	1,263
Equity investments subject to a 400% risk weight	**1,024**	1,004	1,144
Total RWA	**2,397**	2,339	2,407

Equity Credit Exposure	31 Dec 12 $M	30 Jun 12 $M	31 Dec 11 $M
Equity investments subject to a 300% risk weight	**458**	445	421
Equity investments subject to a 400% risk weight	**256**	251	286
Total equity credit exposure	**714**	696	707

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 Dec 12 $M	30 Jun 12 $M	31 Dec 11 $M
Internal Model Approach	2,431	2,565	1,068
Standard Method	2,086	2,277	2,037
Total Traded Market Risk RWA	4,517	4,842	3,105

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

Exposure Type	31 Dec 12 $M	30 Jun 12 $M	31 Dec 11 $M
Interest rate risk	133.2	160. 9	156. 1
Equity risk	24.4	14. 0	2. 7
Foreign exchange risk	8.9	2. 7	3. 0
Commodity risk	0.4	4. 6	1. 2
Total	166.9	182. 2	163. 0
Risk Weighted Asset equivalent (1)	2,086	2,277	2,037

(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 2012	25	35	20	28
Over the 6 months to 30 June 2012	31	37	26	28
Over the 6 months to 31 December 2011	30	50	23	25

Summary Table of the Number of Back-Testing Outliers (2)	
Over the 6 months to 31 December 2012	1
Over the 6 months to 30 June 2012	-
Over the 6 months to 31 December 2011	-

(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 was one VaR outlier during the 6 months to 31 December 2012 due to volatile interest rates.

	Over the Reporting Period 1 July 2012 to 31 December 2012	
Date	Hypothetical loss $M	VaR 99% $M
24 October 2012	(7)	(6)

	Over the Reporting Period 1 January 2012 to 30 June 2012	
Date	Hypothetical loss $M	VaR 99% $M
-	-	-

	Over the Reporting Period 1 July 2011 to 31 December 2011	
Date	Hypothetical loss $M	VaR 99% $M
-	-	-

6.2 Non-Traded Market Risk

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

	Change in Economic Value		
	31 Dec 12	30 Jun 12	31 Dec 11
Stress Testing: Interest Rate Shock Applied	$M	$M	$M
AUD			
200 basis point parallel increase	**(720)**	(506)	(358)
200 basis point parallel decrease	**799**	566	428
NZD			
200 basis point parallel increase	**(147)**	(118)	(117)
200 basis point parallel decrease	**158**	127	126
Other			
200 basis point parallel increase	**(14)**	(14)	(11)
200 basis point parallel decrease	**14**	14	11

	31 Dec 12	30 Jun 12	31 Dec 11
Regulatory RWA	$M	$M	$M
Interest rate risk in the banking book (1)	**10,996**	9,765	11,525

(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 3e – Capital requirements for operational risk (risk weighted assets)

	31 Dec 12	30 Jun 12	31 Dec 11
	$M	$M	$M
Advanced Measurement Approach	**27,513**	22,506	20,471
Standardised Approach	**118**	4,245	4,158
Total operational risk RWA (1)	**27,631**	26,751	24,629

(1) Refer to page 8 for commentary.

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 Dec 12 $M	30 Jun 12 $M	31 Dec 11 $M
Ordinary share capital	**26,126**	25,175	24,651
Add back treasury shares (1)	**301**	323	316
Ordinary share capital for regulatory purposes	**26,427**	25,498	24,967

(1) Represents shares 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 Dec 12 $M	30 Jun 12 $M	31 Dec 11 $M
General reserve	**876**	1,201	1,140
Capital reserve	**353**	351	332
Available for sale reserve (2)	**-**	(63)	(83)
Foreign currency translation reserve (3)	**(709)**	(722)	(927)
Total reserves balance included in regulatory capital	**520**	767	462

(1) Regulatory capital excludes cash flow hedge reserve, employee compensation 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) As at 31 December 2012 the available for sale reserve had a credit balance of $138 million and is not eligible for inclusion in regulatory capital. (30 June 2012:$63 million deficit, 31 Dec 2011:$83 million deficit).

(3) 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 the amount which qualifies as Tier One Capital.

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 Dec 12 $M	30 Jun 12 $M	31 Dec 11 $M
Retained earnings and current period profits	**14,440**	13,356	11,928
Less expected dividend	**(2,639)**	(3,137)	(2,166)
Add back estimated reinvestment under dividend reinvestment plan (1)	**-**	784	542
Retained earnings adjustment for non-consolidated subsidiaries (2)	**(239)**	(126)	35
Other	**(308)**	(219)	(178)
Total included in regulatory capital	**11,254**	10,658	10,161

(1) Dividend Reinvestment Plan (DRP) in respect of the December 2012 interim dividend is assumed to be satisfied in full by an on market purchase of shares. The DRP in respect of both the June 2012 final and December 2011 interim dividend was satisfied in full by the issue of shares.

(2) Represents cumulative current year profit and retained earnings adjustment for subsidiaries not consolidated for regulatory purposes. This includes adjustments to the extent to which retained earnings from non-consolidated subsidiaries have not been repatriated to the Bank in dividends (December 2012: $991 million, June 2012: $878 million, December 2011: $717 million). The retention of these profits are used to fund the future growth of these operations. This has been offset by the one-off write back adjustments upon adoption of IFRS 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 and Innovative Capital is subject to an APRA prescribed limit of 15% of Tier One Capital. Any excess above these limits are transferred to Upper Tier Two Capital.

Innovative Capital

The following innovative capital instruments were current at 31 December 2012:

Innovative Capital (1)	31 Dec 12 $M	30 Jun 12 $M	31 Dec 11 $M
PERLS III	**1,147**	1,147	1,147
PERLS VI	**1,977**	-	-
Trust preferred securities 2003	**529**	539	540
Trust preferred securities 2006	**939**	939	939
ASB preference shares	**505**	505	505
Perpetual exchangeable floating rate notes	**96**	98	98
Less Innovative Capital in excess of prescribed limits transferred to Upper Tier 2 capital	**(426)**	-	-
Total Innovative Capital	**4,767**	3,228	3,229

(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.

PERLS VI

Perpetual Exchangeable Resalable Listed Securities (PERLS VI) were issued in October 2012 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 non-controlling interests for accounting purposes.

Perpetual Exchangeable Floating Rate Notes

The Group has a US denominated perpetual exchangeable floating rate note on issue. This instrument is classified as Loan Capital in the Group's balance sheet.

Non-Innovative Capital

Non-Innovative Capital (1)	31 Dec 12 $M	30 Jun 12 $M	31 Dec 11 $M
PERLS IV	**-**	1,443	1,443
PERLS V	**1,964**	1,964	1,964
Total Non-Innovative Capital	**1,964**	3,407	3,407

(1) Represents AUD equivalent net of issue costs.

The Group's Perpetual Exchangeable Resaleable Listed Securities (PERLS V), issued in October 2009, qualify as Non-Innovative Tier One Capital and are classified as Loan Capital in the Group's balance sheet. PERLS IV matured in October 2012.

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 2012 Basel II Pillar 3 Capital Adequacy and Risk Disclosures and Note 25 of the Group's Annual Report 2012.

Tier One Capital Deductions

Tier One Capital Deductions - 100%	31 Dec 12 $M	30 Jun 12 $M	31 Dec 11 $M
Goodwill and other intangibles (excluding software)	**(8,535)**	(8,581)	(8,546)
Capitalised expenses	**(224)**	(263)	(240)
Capitalised computer software costs	**(1,831)**	(1,700)	(1,480)
General reserve for credit losses	**(197)**	(209)	(183)
Deferred tax	**(393)**	(548)	(383)
Total Tier One Capital deductions - 100%	**(11,180)**	(11,301)	(10,832)

Tier One Capital Deductions - 50%	31 Dec 12 $M	30 Jun 12 $M	31 Dec 11 $M
Equity investments in other companies and trusts	**(614)**	(612)	(638)
Equity investments in non-consolidated subsidiaries (net of intangibles)	**(632)**	(629)	(594)
Expected impairment loss (before tax) in excess of eligible credit provisions (net of deferred tax)	**(512)**	(630)	(646)
Other deductions	**(241)**	(113)	(66)
Total Tier One Capital deductions - 50%	**(1,999)**	(1,984)	(1,944)

Tier Two Capital

Upper Tier Two Capital	31 Dec 12 $M	30 Jun 12 $M	31 Dec 11 $M
Innovative Capital in excess of prescribed limits transferred to Upper Tier 2 capital (1)	**426**	-	-
Prudential general reserve for credit losses (net of tax) (2)	**124**	595	631
Asset revaluation reserve (3)	**87**	88	86
Upper Tier Two note and bond issues	**324**	358	368
Other	**204**	176	151
Total Upper Tier Two Capital	**1,165**	1,217	1,236

(1) Innovative capital in excess of APRA's prescribed limit of 15% transferred from Tier One 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.

(3) APRA allows only 45% of the asset revaluation reserve to be included in Tier Two Capital.

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 5 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

8.4 Glossary

Term	Definition
Australian Accounting Standards	The Australian Accounting Standards as issued by the Australian Accounting Standards Board.
ADI	Authorised Deposit-taking Institution – includes banks, building societies and credit unions which are authorised by APRA to take deposits from customers.
AIRB	Advanced Internal Ratings Based approach – used to measure credit risk in accordance with the Group's Basel II accreditation approval 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 that allows the Group to use internal estimates and operational 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 head entity of the Group.
CET1	Common Equity Tier 1 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) less prescribed deductions.
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 the Australian Accounting Standards (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 an obligor in the event of default.
ECAI	External Credit Assessment Institution.
ELE	Extended Licenced 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.
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 and interest 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 the Australian Accounting Standards (AASB 139 "Financial Instruments: Recognition and Measurement"). Also known as individually assessed provisions or IAP.

8.4 Glossary (continued)

Term	Definition
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 its subsidiary entities other than non-consolidated subsidiaries. This is the basis on 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.
RBA	Reserve Bank of Australia.
RBNZ	Reserve Bank of New Zealand.
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 the Australian Accounting Standards 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 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.