Determined to be better than we've ever been.

Basel II Pillar 3

Capital Adequacy and Risk Disclosures

as at 31 December 2009

Determined to be different

Commonwealth Bank of Australia ACN 123 123 124

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1 Introduction

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

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

The Group, excluding Bank of Western Australia Limited (Bankwest) which has adopted the standardised methodology, is accredited with advanced Basel II status to use the advanced internal ratings based approach (AIRB) for credit risk and the advanced measurement approach (AMA) for operational risk under the Basel II Pillar One minimum capital requirements. The Group is also required to assess its market risk and IRRBB requirement under Pillar One.

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

The Group's Tier One and Total Capital ratios as at 31 December 2009 are 9.10% and 11.63% respectively.

This document is unaudited. However, it has been prepared consistent with information supplied to APRA or otherwise published that has been subject to review by an external auditor.

Detailed qualitative and quantitative disclosure of the Group's capital adequacy and risk for the year ended 30 June 2009 is available on the Group's corporate website www.commbank.com.au .

Summary Group capital adequacy ratios (level 2)	31 December 2009 %	30 June 2009 %
Tier One	9.10	8.07
Tier Two	2.53	2.35
Total	**11.63**	**10.42**

2 Scope of Application

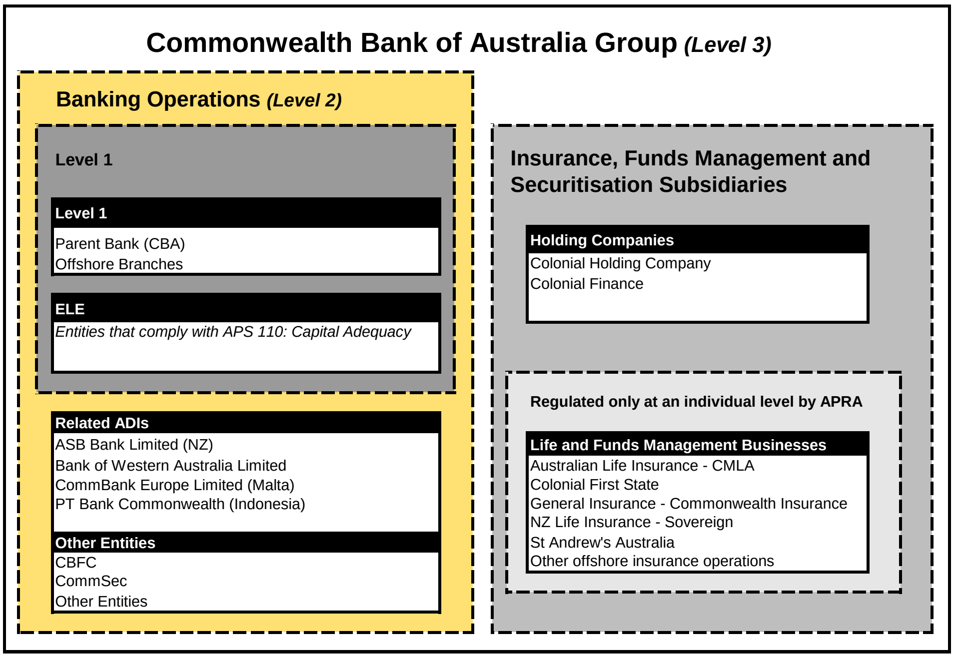
This document has been prepared in accordance with Board approved policy and semi-annual reporting requirements set out in APRA Prudential Standard APS 330 "Capital Adequacy: Public Disclosures of Prudential Information" (APS 330).

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

- Level 1 the Bank and APRA approved Extended Licensed Entities (ELE);
- Level 2 the consolidated banking group excluding the insurance and wealth 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 wealth management businesses (the Group).

The Group is required to report its semi-annual assessment of capital adequacy on a Level 2 basis. Additional 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 4).

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



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

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

	31 December 2009 $M	30 June 2009 $M
Aggregate amount of under capitalisation in non-consolidated subsidiaries of the ADI group	-	-

3 Capital and Risk Weighted Assets

The Group has maintained 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 target levels at all times throughout the period.

The Tier One Capital and Total Capital ratios as at 31 December 2009 are 9.10% and 11.63% respectively.

Tier One Capital increased by 103 basis points (bps) over the prior half, influenced by both the cash profit after tax (net of dividend and Dividend Reinvestment Plan (DRP)) which contributed an additional 58 bps and the issue of $2 billion of Non Innovative Capital (Perpetual Exchangeable Resaleable Listed Securities (PERLS V)) which contributed an additional 66 bps to Tier One Capital. This was partially offset by the growth in RWA, primarily related to IRRBB which compressed Tier One Capital by 24 bps.

The Group's Total Capital ratio improved 121 bps over the prior half to 11.63%. In addition to the Tier 1 factors discussed earlier, this improvement was driven by movements in Lower Tier 2 debt (see Capital Initiatives section - page 5).

RWA are $297.4 billion at 31 December 2009, an increase of $8.6 billion or 3% on the June 2009 level. This included a $7.7 billion increase in IRRBB RWA. Credit risk related RWA remained relatively flat over the period with reductions in the corporate exposures offset by increased residential mortgages exposures.

Summary Group capital adequacy and RWA	31 December 2009	30 June 2009
Total Risk Weighted Assets ($M)	297,449	288,836
Tier One Capital ($M)	27,065	23,311
Total Capital ($M)	34,594	30,095
Tier One Ratio (%)	9.10	8.07
Total Capital Ratio (%)	11.63	10.42

Regulatory Capital Framework Comparison

The following table estimates the impact, on the Group's capital as at 31 December 2009, of the differences between APRA prudential requirements for calculating risk weighted assets and those of the UK Financial Services Authority (FSA), the UK regulator. This comparison is provided to allow like-for-like comparisons to European and other banking groups that provide regulatory capital disclosure on an FSA basis.

Tier One and Total Capital ratios as at 31 December 2009 under the FSA method of calculating regulatory capital as a percentage of RWA are 12.4% and 14.9% respectively.

Further details on the differences between APRA and FSA requirements are available on the Australian Bankers' Association website www.bankers.asn.au .

Regulatory capital frameworks comparison

	Net Fundamental Capital [1]	Tier 1 Capital	Total Capital
Reported risk weighted capital ratios at 31 December 2009	6.8%	9.1%	11.6%
RWA treatment – mortgages [2], margin loans	1.2%	1.4%	1.8%
IRRBB risk weighted assets	0.4%	0.6%	0.7%
Future dividends (net of Dividend Reinvestment Plan)	0.4%	0.4%	0.4%
Tax impact in EL v EP calculation [3]	0.1%	0.1%	0.3%
Equity investments	0.3%	0.3%	0.1%
Value of in force (VIF) deductions [4]	0.5%	0.5%	0.0%
Total Adjustments	**2.9%**	**3.3%**	**3.3%**
31 December 2009 - Normalised - FSA	**9.7%**	**12.4%**	**14.9%**

1 *Represents Fundamental Tier One Capital net of Tier One deductions.*

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

3 *See page 26 for discussion of Expected Loss (EL) and the glossary for definition of Eligible Provisions (EP).*

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 December 2009 $M	30 June 2009 $M
Tier 1 capital		
Paid-up ordinary share capital	22,606	21,920
Reserves	901	1,223
Retained earnings and current period profits	8,748	7,156
Non-controlling interests less ASB Perpetual Preference Shares	16	15
Total Fundamental Capital	32,271	30,314
Residual Capital		
Innovative Tier 1 capital	3,429	3,515
Non-innovative Tier 1 capital	3,407	1,443
less residual capital in excess of prescribed limits transferred to Upper Tier Two Capital	(73)	-
Total Residual Capital	6,763	4,958
Gross Tier 1 capital	**39,034**	**35,272**
Deductions from Tier 1 capital		
Goodwill	(8,523)	(8,572)
Other deductions from Tier 1 capital	(1,527)	(1,534)
50/50 deductions from Tier 1 capital	(1,919)	(1,855)
Total Tier 1 capital only deductions	(11,969)	(11,961)
Net Tier 1 capital	**27,065**	**23,311**
Tier 2 capital		
Upper Tier 2 capital	1,166	1,097
Lower Tier 2 capital	8,282	7,542
Gross Tier 2 capital	9,448	8,639
Deductions from Tier 2 capital		
50/50 deductions from Tier 2 capital	(1,919)	(1,855)
Total Tier 2 capital only deductions	**(1,919)**	**(1,855)**
Net Tier 2 capital	**7,529**	**6,784**
Total capital base	**34,594**	**30,095**

APS 330 Table 3g - Capital ratios

Significant Group ADIs	31 December 2009 %	30 June 2009 %
CBA Level 2 Tier One Capital ratio	9.10	8.07
CBA Level 2 Total Capital ratio	11.63	10.42
CBA Level 1 Tier One Capital ratio	9.84	8.81
CBA Level 1 Total Capital ratio	11.53	10.51
ASB Tier One Capital ratio [1]	10.03	10.18
ASB Total Capital ratio [1]	12.38	12.41
Bankwest Tier One Capital ratio [2]	9.02	7.32
Bankwest Total Capital ratio [2]	12.80	11.19

1 *Calculated under advanced Basel II methodology.*

2 *Calculated under the standardised Basel II methodology.*

Capital Initiatives

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

Tier One Capital:

- The allocation of $688 million ordinary shares in order to satisfy the Dividend Reinvestment Plan (DRP) in respect of the final dividend for the 2009 financial year. The DRP participation rate increased from an anticipated 29% to 39% following the DRP discount of 1.5% offered by the Group; and
- The Group issued $2 billion ($1,964 million net of issue costs) PERLS V securities in October 2009 which qualify as Non-Innovative Tier One Capital.

Tier Two Capital:

- Issue of $1.7 billion (Euro 1 billion) subordinated Lower Tier Two debt in August 2009; offset by
- $615 million (US$ 500 million) subordinated Lower Tier Two debt redeemed in August 2009.

Regulatory Update

The Group, excluding Bankwest, operates under Basel II advanced status, which resulted in the AIRB approach for credit risk and the AMA approach for operational risk being adopted in the calculation of RWA effective from 1 January 2008. IRRBB was incorporated into the calculation of RWA from 1 July 2008. The APRA imposed methodology for measuring market risk for traded assets remained unchanged from Basel I.

Bankwest operates as a separate ADI and is separately regulated by APRA. Bankwest has adopted the standardised Basel II methodology effective from 1 January 2009 at which point in time it was consolidated for regulatory capital purposes. Bankwest is in the process of seeking Basel II advanced accreditation from APRA.

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.

APRA has limited the amount of Residual (25%) and Innovative Capital (15%) that qualifies as Tier One Capital, with any excess transferred to upper Tier Two Capital. Innovative transitional relief of $765 million was granted by APRA. This relief, which expires on 1 January 2010, is to be reduced by 20% per quarter effective from March 2009 onwards. As at 31 December 2009 Innovative Capital is below the 15% limit and hence the transitional relief is not applicable. As a consequence of the issue of PERLS V in October 2009, residual capital is $73 million above the prescribed limit of 25% of Tier One Capital as at 31 December 2009. This excess is required to be transferred to upper Tier Two Capital.

APRA implemented transitional capital floors based on 90% of the capital required under Basel I. As at 31 December 2009 these transitional floors did not have any impact on the Group's capital levels.

On 17 December 2009 the Bank for International Settlements (BIS) released its consultation package of proposals to strengthen global capital and liquidity regulations. The capital proposals relate to the quality, consistency and transparency of capital, enhancing the risk coverage framework, introduction of a non-risk based leverage ratio, reducing pro-cyclicality, and addressing systemic risk. The BIS will undertake an Impact Assessment Study to be conducted in the first half of calendar year 2010 in order to calibrate capital requirements. Delivery of a fully calibrated and finalised package of capital reforms is expected by the end of 2010, with the process of implementation to be commenced by the end of 2012.

Insurance and Funds Management Business

The Group's insurance and funds management companies held assets in excess of regulatory capital requirements at 31 December 2009. The Group's Australian and New Zealand insurance and funds management businesses held $1,048 million of assets in excess of regulatory solvency requirements at 31 December 2009 (30 June 2009: $1,036 million, 31 December 2008: $887 million).

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3.2 Risk Weighted Assets

The following table details the Group's RWA by risk and portfolio type.

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

	31 December 2009	30 June 2009	Change in RWA	
Asset Category	**$M**	**$M**	**$M**	**%**
Credit Risk				
Advanced IRB approach				
Corporate	43,031	54,242	(11,211)	(20.7%)
SME corporate	25,322	31,222	(5,900)	(18.9%)
SME retail	4,765	4,925	(160)	(3.2%)
Sovereign	1,956	1,713	243	14.2%
Bank	6,745	8,040	(1,295)	(16.1%)
Residential mortgage	56,909	54,841	2,068	3.8%
Qualifying revolving retail	6,292	5,698	594	10.4%
Other retail	6,315	6,336	(21)	(0.3%)
Other assets	-	-	-	n/a
Impact of the Basel II scaling factor [1]	9,079	10,021	(942)	(9.4%)
Total RWA subject to Advanced IRB	**160,414**	**177,038**	**(16,624)**	(9.4%)
Specialised lending	**38,678**	**22,627**	**16,051**	70.9%
Subject to Standardised approach				
Corporate	10,053	11,094	(1,041)	(9.4%)
SME corporate	7,540	7,455	85	1.1%
SME retail	4,505	4,469	36	0.8%
Sovereign	233	282	(49)	(17.4%)
Bank	1,206	170	1,036	Large
Residential mortgage	22,531	20,576	1,955	9.5%
Other retail	2,411	2,398	13	0.5%
Other assets	6,405	7,517	(1,112)	(14.8%)
Total RWA subject to standardised approach	**54,884**	**53,961**	**923**	1.7%
Securitisation	**1,962**	**2,724**	**(762)**	(28.0%)
Equity exposures	**2,528**	**2,103**	**425**	20.2%
Total RWA for credit risk exposures	**258,466**	**258,453**	**13**	0.0%
Traded Market Risk	**4,033**	**3,450**	**583**	16.9%
Interest Rate Risk in the Banking Book	**16,601**	**8,944**	**7,657**	85.6%
Operational Risk	**18,349**	**17,989**	**360**	2.0%
Total Risk Weighted Assets	**297,449**	**288,836**	**8,613**	3.0%

1 *APRA requires RWA that are derived from the IRB risk-weight functions to be multiplied by a scaling factor of 1.06 (refer glossary).*

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Risk Weighted Assets

RWA increased by $8.6 billion or 3% on the prior half to $297.4 billion. Excluding IRRBB, the increase was just under $1 billion or 0.3% on the 30 June 2009 level.

Credit Risk Exposure and RWA

Credit Risk RWA remained flat over the half despite an overall $13.1 billion increase in regulatory credit exposure with the growth in residential mortgage exposure being offset reductions in commercial exposure.

RWAs decreased $1.2 billion across Corporate, SME and Specialised Lending (SL) portfolios. A decrease in exposure and a slowing of the rate of downward ratings migration in the Corporate, SME and SL portfolios reduced RWA by $6.6 billion. Offsetting this reduction was a RWA increase of $5.4 billion due to a change in treatment for commercial property exposures.

To align to the agreed view between APRA and the industry, commercial property exposures which do not meet 'diversification' criteria have been reclassified as SL exposures. This is reflected in the exposure and RWA movement from AIRB Corporate and SME asset classes to SL.[1] After exposures were reclassified, reported SL exposures were also realigned to the SL slotting approach.

Total Residential Mortgage RWA increased by $4 billion as a result of continued growth in the home loan portfolio. Moderate tightening of lending standards during the half improved the quality of new business.

The growth of standardised Bank RWA was driven by Bankwest increasing its liquidity holdings to third-party banks. Previously the holdings were to the parent and eliminated on consolidation. At a 20% risk-weighting, this added over a $1 billion in Bank RWAs. The other major increase resulted from growth in the Bankwest home loan portfolio.

A focus on optimising RWAs during the December quarter also reduced RWAs by over $3 billion. The largest contributors included changes to other assets and reduction of undrawn limits.

Details of exposure movements over the period are as follows:

Asset Category	Regulatory Exposure Change $M	Regulatory Exposure Driver
AIRB Corporate including SME and Specialised Lending	(10,300)	Exposure has reduced from a review of limits in certain industries and geographies, the use of equity raisings by clients to reduce gearing and the appreciation of the Australian dollar.
AIRB Bank	(1,592)	Reflects reduced lending to overseas banks.
AIRB Sovereign	4,408	Reflects greater holdings of government and government guaranteed paper.
AIRB Retail	16,017	Continued growth in the home loan book as the last of the First Home Buyers Boost was available and interest rates remained favourable.
Total Advanced and Specialised Lending	**8,533**	
Standardised	7,395	Increases due to Bankwest shifting its liquidity holdings to third-party banks, Bankwest home loan growth and an increase in margin lending offset by optimisation of other assets.
Total excluding Securitisation and Equity exposures	**15,928**	Aligns to exposure movement disclosed in APS 330 table 4i (page 9).
Equities and Securitisation exposures	(2,863)	Run-off of securitisation warehouse exposures.
Total Credit Exposure	**13,065**	Total including equities and securitisation exposures.

[1] See APS Tables 3b to 3f (page 6) and 4i (page 9).

The composition of the movement in Credit RWA is reflected below.

Asset Category	Total Credit RWA Movement $M	Credit RWA increase driven by mix/volume changes $M	Credit RWA increase driven by change in quality $M
AIRB Corporate including SME and Specialised Lending	(1,220)	(1,059)	(161)
AIRB Bank	(1,295)	(387)	(908)
AIRB Sovereign	243	319	(76)
AIRB Consumer Retail	2,641	3,151	(510)
Impact of Basel II scaling factor	(942)	(942)	-
Total Advanced and Specialised Lending	**(573)**	**1,082**	**(1,655)**
Standardised (excluding Other Assets and Margin Lending)	1,485	1,485	-
Other Assets including Margin Lending	(562)	(562)	-
Total excluding Securitisation and Equity RWA	**350**	**2,005**	**(1,655)**
Equities and Securitisation Exposures	(337)	(337)	-
Total Credit RWA (see APS 330 Table 3b - page 6)	**13**	**1,668**	**(1,655)**

Interest Rate Risk in the Banking Book

A $7.7 billion increase in RWA was the result of lower embedded gains and interest rate positioning. The lower embedded gains were due to interest rate increases and the partial realisation of gains, predominately due to a normal process of amortisation.

Market Risk RWA

Traded market risk RWA increased $583 million or 17 % on the prior half to $4,033 million. This rise was a result of increased trading and customer activity in our bond portfolio, participation in equity capital markets deals as markets moved beyond the Global Financial Crisis, and a measurement change that better captured exposure to basis risk.

Operational Risk RWA

Operational risk RWA increased by $360 million (2%) during the half.

4 Credit Risk

4.1 Credit Risk Exposure

The following tables detail credit risk exposures (excluding Equities and Securitisation Exposures) subject to Advanced and Standardised internal ratings based (IRB) approaches.

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

	31 December 2009				Average Exposure for December Half [2]	Change in Exposure [3] for December Half	
		Off Balance Sheet					
Portfolio Type	On Balance Sheet $M	Non- Market Related $M	Market Related $M	Total $M	$M	$M	%
Subject to Advanced IRB approach							
Corporate	37,787	25,016	4,271	67,074	77,493	(20,837)	(23.7%)
SME Corporate	32,410	5,615	407	38,432	43,380	(9,896)	(20.5%)
SME Retail	7,324	1,596	5	8,925	8,910	29	0.3%
Sovereign	25,122	1,547	1,375	28,044	25,840	4,408	18.7%
Bank	19,160	1,788	10,513	31,461	32,257	(1,592)	(4.8%)
Residential Mortgage	268,153	52,647	-	320,800	313,206	15,187	5.0%
Qualifying Revolving Retail	8,154	4,223	-	12,377	11,977	801	6.9%
Other Retail	4,940	1,001	-	5,941	5,926	29	0.5%
Total Advanced IRB approach	**403,050**	**93,433**	**16,571**	**513,054**	**518,990**	(11,871)	(2.3%)
Specialised Lending	**33,140**	**7,893**	**832**	**41,865**	**31,663**	**20,404**	**95.1%**
Subject to Standardised approach							
Corporate	8,688	2,366	43	11,097	11,857	(1,521)	(12.1%)
SME Corporate	6,780	781	43	7,604	7,563	82	1.1%
SME Retail	3,942	1,319	-	5,261	5,277	(32)	(0.6%)
Sovereign	585	1	-	586	443	286	95.3%
Bank	5,785	182	46	6,013	3,311	5,404	Large
Residential Mortgage	46,234	971	20	47,225	45,045	4,359	10.2%
Other Retail	2,356	97	1	2,454	2,440	29	1.2%
Other Assets	15,649	-	-	15,649	16,255	(1,212)	(7.2%)
Total Standardised approach	**90,019**	**5,717**	**153**	**95,889**	**92,191**	**7,395**	**8.4%**
Total credit exposures [1]	**526,209**	**107,043**	**17,556**	**650,808**	**642,844**	**15,928**	**2.5%**

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

2 The simple average of balances as at 31 December 2009 and 30 June 2009.

3 Change, as at 31 December 2009, of exposures compared to balances at 30 June 2009.

APS 330 Table 4i - Total credit exposure continued

	30 June 2009			
		Off Balance Sheet		
Portfolio Type	On Balance Sheet $M	Non- Market Related $M	Market Related $M	Total $M
Subject to Advanced IRB approach				
Corporate	55,362	27,763	4,786	87,911
SME Corporate	40,839	6,797	692	48,328
SME Retail	7,339	1,547	10	8,896
Sovereign	21,597	1,193	846	23,636
Bank	20,977	2,537	9,539	33,053
Residential Mortgage	252,921	52,692	-	305,613
Qualifying Revolving Retail	7,475	4,101	-	11,576
Other Retail	4,893	1,019	-	5,912
Total Advanced IRB approach	**411,403**	**97,649**	**15,873**	**524,925**
Specialised lending	**17,286**	**3,763**	**412**	**21,461**
Subject to Standardised approach				
Corporate	9,497	3,054	67	12,618
SME Corporate	6,624	836	62	7,522
SME Retail	3,893	1,400	-	5,293
Sovereign	299	1	-	300
Bank	475	45	89	609
Residential Mortgage	42,242	591	33	42,866
Other Retail	2,321	102	2	2,425
Other Assets	16,861	-	-	16,861
Total Standardised approach	**82,212**	**6,029**	**253**	**88,494**
Total exposures [1]	**510,901**	**107,441**	**16,538**	**634,880**

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

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

Portfolio Type	As at 31 December 2009 EAD $M	Half Year Average [3] EAD $M
Corporate	78,171	89,351
SME Corporate	46,036	50,943
SME Retail	14,186	14,188
Sovereign	28,630	26,283
Bank	37,474	35,568
Residential Mortgage [1]	368,025	358,252
Qualifying Revolving	12,377	11,977
Other Retail	8,395	8,366
Specialised Lending	41,865	31,663
Other Assets	15,649	16,255
Total exposures [2]	**650,808**	**642,844**

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 June 2009 EAD $M	Half Year Average [3] EAD $M
Corporate	100,530	96,143
SME Corporate	55,849	54,721
SME Retail	14,189	13,422
Sovereign	23,936	25,416
Bank	33,662	49,884
Residential Mortgage [1]	348,479	312,218
Qualifying Revolving	11,576	11,387
Other Retail	8,337	7,212
Specialised Lending	21,461	24,929
Other Assets	16,861	17,994
Total exposures [2]	**634,880**	**613,323**

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 and geographic distribution

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

1 *Residential mortgages include SME retail secured by residential property.*

2 *Total credit risk exposures do not include equities or securitisation exposures.*

	30 June 2009			
Portfolio Type	Australia $M	New Zealand $M	Other $M	Total $M
Corporate	74,062	6,984	19,484	100,530
SME Corporate	44,342	10,717	790	55,849
SME Retail	12,228	1,910	51	14,189
Sovereign	15,209	1,800	6,927	23,936
Bank	8,552	2,242	22,868	33,662
Residential Mortgage [1]	313,938	33,628	913	348,479
Qualifying Revolving	11,576	-	-	11,576
Other Retail	6,944	1,385	8	8,337
Specialised Lending	17,432	1,177	2,852	21,461
Other Assets	12,708	492	3,661	16,861
Total exposures [2]	**516,991**	**60,335**	**57,554**	**634,880**

1 *Residential mortgages include SME retail secured by residential property.*

2 *Total credit risk exposures do not include equities or securitisation exposures.*

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

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

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

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

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

	30 June 2009							
	Industry Sector							
Portfolio Type	Residential Mortgage $M	Other Personal $M	Asset Finance $M	Sovereign $M	Bank $M	Other Finance $M	Agriculture $M	Mining $M
Corporate	-	-	1,085	2	-	14,920	1,915	5,288
SME Corporate	-	887	3,203	-	-	3,529	11,212	425
SME Retail	-	1,367	3,731	1	-	674	1,799	32
Sovereign	-	-	39	23,897	-	-	-	-
Bank	-	-	-	-	33,662	-	-	-
Residential Mortgage [2]	348,479	-	-	-	-	-	-	-
Qualifying Revolving	-	11,576	-	-	-	-	-	-
Other Retail	-	8,336	1	-	-	-	-	-
Specialised Lending	-	-	-	-	-	271	103	990
Other Assets	-	4,633	-	-	-	-	-	-
Total exposures [1]	**348,479**	**26,799**	**8,059**	**23,900**	**33,662**	**19,394**	**15,029**	**6,735**

	Industry Sector							
Portfolio Type	Manufacturing $M	Energy $M	Construction $M	Retail/ Wholesale Trade $M	Transport & Storage $M	Property [3] $M	Other $M	Total $M
Corporate	13,083	5,644	2,008	7,427	7,293	21,229	20,636	100,530
SME Corporate	2,756	343	1,937	5,562	1,311	10,091	14,593	55,849
SME Retail	583	23	1,108	1,803	375	1,326	1,367	14,189
Sovereign	-	-	-	-	-	-	-	23,936
Bank	-	-	-	-	-	-	-	33,662
Residential Mortgage [2]	-	-	-	-	-	-	-	348,479
Qualifying Revolving	-	-	-	-	-	-	-	11,576
Other Retail	-	-	-	-	-	-	-	8,337
Specialised Lending	144	3,079	505	187	3,719	11,557	906	21,461
Other Assets	-	-	-	-	-	-	12,228	16,861
Total exposures [1]	**16,566**	**9,089**	**5,558**	**14,979**	**12,698**	**44,203**	**49,730**	**634,880**

1 Total credit risk exposures do not include equities or securitisation exposures

2 SME retail business lending secured by residential property have been allocated by industry.

3 Property includes REITs and excludes Business Services.

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

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

1 Residential mortgages include SME Retail secured by residential property.
2 Total credit risk exposures do not include equity or securitisation exposures.

	30 June 2009				
Portfolio Type	≤ 12 months $M	1 ≤ 5 years $M	> 5 years $M	No specified maturity $M	Total $M
Corporate	15,606	77,797	5,928	1,199	100,530
SME Corporate	7,146	34,869	13,003	831	55,849
SME Retail	467	8,215	5,332	175	14,189
Sovereign	9,408	11,400	3,126	2	23,936
Bank	19,000	13,480	1,182	-	33,662
Residential Mortgage [1]	15,219	15,064	269,431	48,765	348,479
Qualifying Revolving	-	-	-	11,576	11,576
Other Retail	106	2,721	2,558	2,952	8,337
Specialised Lending	1,593	17,937	1,931	-	21,461
Other Assets	5,865	77	13	10,906	16,861
Total exposures [2]	**74,410**	**181,560**	**302,504**	**76,406**	**634,880**

1 Residential mortgages include SME Retail secured by residential property.
2 Total credit risk exposures do not include equity or securitisation exposures.

4.2 Past Due and Impaired Exposures, Provisions and Reserves

APS 220 "Credit Quality" requires the Group report specific provisions and a General Reserve for Credit Losses (GRCL). All provisions for impairment assessed on an individual basis in accordance with AIFRS are classified as specific provisions. Collective provisions raised under AIFRS are classified into either specific provisions or GRCL. This adjustment is being made for 31 December 2009 disclosure.

Reconciliation of AIFRS and APS220 based credit provisions

	31 December 2009		
	General Reserve for Credit Losses $M	Specific Provision $M	Total Provisions [1] $M
Collective provisions	3,319	133	3,452
Individual provisions	-	1,822	1,822
Total regulatory provisions [2]	**3,319**	**1,955**	**5,274**

1 *Provisions as reported in financial accounts according to AIFRS.*
2 *Provisions classified according to APS 220 "Credit Quality".*

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

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

	31 December 2009				
Industry Sector	Impaired Loans $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	858	2,393	216	146	41
Other Personal	22	243	130	5	243
Asset Finance	84	35	19	29	41
Sovereign	-	-	-	-	-
Bank	89	-	65	69	73
Other Finance	520	30	277	79	314
Agriculture	256	33	72	(7)	2
Mining	64	2	20	21	4
Manufacturing	191	10	88	12	5
Energy	355	-	124	124	-
Construction	187	21	72	30	12
Wholesale / Retail Trade	225	34	101	31	20
Transport and Storage	18	11	6	5	1
Property	1,180	123	432	225	204
Other	774	91	333	116	158
Total	**4,823**	**3,026**	**1,955**	**885**	**1,118**

1 *Specific Provision Balance includes certain AIFRS collective provisions on some past due loans ≥ 90 days.*
2 *Actual losses equal write-offs from individual provisions, write-offs direct from collective provisions less recoveries of amounts previously written off, for the half year ending 31 December 2009.*

	30 June 2009				
Industry Sector	Impaired Loans $M	Past Due Loans ≥ 90 Days $M	Specific Provision Balance $M	Net Half Year Charges for Individual Provisions $M	Half Year Actual Losses [1] $M
Home Loans	477	1,819	92	34	39
Other Personal	29	238	23	16	288
Asset Finance	72	58	31	51	36
Sovereign	-	-	-	-	-
Bank	246	-	75	52	26
Other Finance	740	14	476	313	164
Agriculture	315	47	86	61	1
Mining	6	17	2	2	-
Manufacturing	158	15	81	28	101
Energy	-	-	-	-	-
Construction	239	38	104	15	7
Wholesale / Retail Trade	160	44	88	39	33
Transport and Storage	5	9	3	1	1
Property	964	202	364	141	44
Other	800	108	304	115	98
Total	**4,210**	**2,609**	**1,729**	**868**	**838**

1 *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 ending 30 June 2009.*

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

	31 December 2009				
Portfolio	Impaired Loans $M	Past Due Loans ≥ 90 Days $M	Specific Provision Balance [1] $M	Net Half Year Charges for Individual Provisions $M	Half Year Actual Losses [2] $M
Corporate including SME and Specialised Lending	3,853	391	1,544	666	760
Sovereign	-	-	-	-	-
Bank	89	-	65	69	73
Residential Mortgage	858	2,393	216	146	41
Qualifying Revolving Retail	9	116	78	5	135
Other Retail	14	126	52	(1)	109
Total	**4,823**	**3,026**	**1,955**	**885**	**1,118**

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

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

	30 June 2009				
Portfolio	Impaired Loans $M	Past Due Loans ≥ 90 Days $M	Specific Provision Balance $M	Net Half Year Charges for Individual Provisions $M	Half Year Actual Losses [1] $M
Corporate including SME and Specialised Lending	3,458	552	1,539	766	485
Sovereign	-	-	-	-	-
Bank	246	-	75	52	26
Residential Mortgage	477	1,819	92	34	39
Qualifying Revolving Retail	13	89	12	11	172
Other Retail	16	149	11	5	116
Total	**4,210**	**2,609**	**1,729**	**868**	**838**

1 *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 ending 30 June 2009.*

APS 330 Table 4g - Impaired, past due and specific provisions by geographic region

	31 December 2009		
Geographic Region	Impaired Loans $M	Past Due Loans ≥ 90 Days $M	Specific Provision Balance $M
Australia	4,158	2,756	1,762
New Zealand	509	258	107
Other	156	12	86
Total	**4,823**	**3,026**	**1,955**

	30 June 2009		
Geographic Region	Impaired Loans $M	Past Due Loans ≥ 90 Days $M	Specific Provision Balance $M
Australia	3,364	2,263	1,470
New Zealand	331	300	101
Other	515	46	158
Total	**4,210**	**2,609**	**1,729**

The Group also holds a general reserve for credit losses before tax at 31 December 2009 as follows: Australia $2,987 million (30 June 2009: $2,919 million), New Zealand $218 million (30 June 2009: $170 million) and other $114 million (30 June 2009: $136 million).

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

Movement in collective provisions and other provisions	Collective Provisions $M	Other Credit Related Provisions $M	Total Collective and Other Provisions $M
	31 December 2009		
Balance at 30 June 2009	3,225	-	3,225
Acquisitions	-	-	-
Net charge against profit and loss	498	-	498
Recoveries	41	-	41
Other	(4)	-	(4)
Write-offs	(308)	-	(308)
Total collective and other provisions	**3,452**	**-**	**3,452**
Less collective provisions transferred to specific provisions	(133)	-	(133)
General reserve for credit losses	**3,319**	**-**	**3,319**

Movement in collective provisions and other provisions	Collective Provisions $M	Other Credit Related Provisions $M	Total Collective and Other Provisions $M
	30 June 2009		
Balance at 31 December 2008	2,474	4	2,478
Acquisitions	135	-	135
Net charge against profit and loss	575	-	575
Recoveries	34	-	34
Other [1]	274	(4)	270
Write-offs	(267)	-	(267)
Total collective and other provisions	**3,225**	**-**	**3,225**
Less collective provisions transferred to specific provisions	-	-	-
General reserve for credit losses	**3,225**	**-**	**3,225**

1 *Includes a fair value adjustment relating to Bankwest of $273 million.*

APS 330 Table 4h continued – Movement in individual provisions

Movement in individual provisions	31 December 2009 Total $M	30 June 2009 Total $M
Opening balance for the period	1,729	1,134
Acquisitions	-	142
Net new and increased provisioning	989	948
Net write back of provisions no longer required	(104)	(80)
Discount unwind to interest income	(84)	(37)
Other [1]	143	227
Write-offs	(851)	(605)
Individual provisions	**1,822**	**1,729**
Add collective provisions transferred to specific provisions	133	-
Specific provisions	**1,955**	**1,729**

1 *Includes a fair value adjustment related to the Bankwest acquisition of $180 million in the half year ended 30 June 2009. As at 30 June 2009, nil remained.*

There has been an increase in impaired home loans primarily as a result of the restructuring of some home loans in ASB and recognising impairments on Storm related home loans. The Group believes it has adequately provided for these loans.

The increase in 90 days past due home loans is primarily due to the assistance provided to our customers through our "Customer Assist" program.

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

Portfolios where the Standardised approach has been taken include:

- Commonwealth Bank of Australia:
  - Retail SMEs – Overdrawn Accounts;
  - Corporate SMEs – Non-rated / Non-scored; and
  - Margin Lending.
- ASB Bank Limited:
  - Personal Loans; and
  - Margin Lending.
- All exposures in the following entities:
  - Bank of Western Australia Limited;
  - Commonwealth Bank of Australia (Vietnam Branch);
  - Commonwealth Development Bank of Australia;
  - Commbank Europe Limited; and
  - PT Bank Commonwealth (Indonesia).

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

	Exposure after risk mitigation [1]	
Standardised approach exposures [1]	**31 December 2009 $M**	**30 June 2009 $M**
Risk weight		
0%	6,946	6,666
20%	12,815	7,122
35%	32,268	29,383
50%	7,170	6,117
75%	1,062	2,478
100%	34,818	35,245
150%	1,491	1,401
>150%	4	-
Capital Deductions	-	-
Total	**96,574**	**88,412**

1 Exposure after credit risk mitigation does not include equities or securitisation exposures.

	Other Assets [1]	31 December 2009	
Asset	**Exposure $M**	**Risk Weight %**	**RWA $M**
Cash	5,050	0	-
Cash items in course of collection	171	20	34
Margin Lending	5,071	20	1,014
Fixed Assets	1,631	100	1,631
Other	3,726	100	3,726
Total	**15,649**	**41**	**6,405**

	Other Assets [1]	30 June 2009	
Asset	**Exposure $M**	**Risk Weight %**	**RWA $M**
Cash	5,425	0	-
Cash items in course of collection	266	20	53
Margin Lending	4,633	20	927
Fixed Assets	2,333	100	2,333
Other	4,204	100	4,204
Total	**16,861**	**45**	**7,517**

1 Other Assets are included in Standardised Approach table above.

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

	Total Credit Exposure [1]	
Specialised lending exposures subject to supervisory slotting [2]	**31 December 2009 $M**	**30 June 2009 $M**
Risk weight		
0%	693	265
70%	15,665	9,829
90%	15,386	4,593
115%	8,472	3,943
250%	1,649	2,831
Total	**41,865**	**21,461**

1 *Total credit risk exposures do not include equities or securitisation exposures.*

2 *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.*

	Total Credit Exposure	
Equity exposures	**31 December 2009 $M**	**30 June 2009 $M**
Risk weight		
300%	147	132
400%	522	427
Total	**669**	**559**

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% - 4.30%
Weak/doubtful	F, G	> 4.30%
Default	H	100%

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

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

APS 330 Table 6c – PD Rating Methodology by Portfolio Segment

Portfolio Segment	PD Rating Methodology
Bank, sovereign and large corporate exposures	Expert Judgement assigned risk rating, informed but not driven by rating agency views.
Middle Market and Local Business Banking exposures	PD Calculator(s) assigned risk rating.
SME Retail exposures < $1m	SME Behaviour Score assigned PD pools.
Consumer Retail exposures	For some products PD pools are assigned using product specific Application Scorecards for 3 to 9 months (depending on the product). Behavioural Scorecards are then used to assign PD pools. For other products PD pools are assigned based on facility characteristics including time on books, utilisation, turnover etc.

Determined to be different

APS 330 Table 6d provides a breakdown of the Group's credit risk for non-retail exposures that qualify for calculation of RWA under the Basel II AIRB approach. The breakdown is provided by Basel II asset class by probability of default.

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

	31 December 2009							
	PD Grade							
Non-retail [1]	0 < 0.03% $M	0.03% < 0.15% $M	0.15% < 0.5% $M	0.5% < 3% $M	3% < 10% $M	10% < 100% $M	Default $M	Total $M
Total Exposure								
Corporate [2]	-	20,838	31,101	50,503	7,472	2,617	1,900	114,431
Sovereign	25,314	2,234	318	167	11	-	-	28,044
Bank	-	29,285	1,816	238	33	-	89	31,461
Total	**25,314**	**52,357**	**33,235**	**50,908**	**7,516**	**2,617**	**1,989**	**173,936**
Undrawn commitments [3]								
Corporate [2]	-	8,556	13,537	8,962	875	200	98	32,228
Sovereign	1,245	146	101	56	-	-	-	1,548
Bank	-	1,329	386	73	-	-	-	1,788
Total	**1,245**	**10,031**	**14,024**	**9,091**	**875**	**200**	**98**	**35,564**
Exposure-weighted average EAD ($M)								
Corporate [2]	-	2.027	1.434	0.056	0.388	0.508	0.590	0.830
Sovereign	4.450	2.246	1.124	0.066	0.922	-	-	4.210
Bank	-	6.445	4.681	1.386	33.080	-	44.344	6.440
Exposure-weighted average LGD (%)								
Corporate [2]	-	60.0	57.2	40.5	36.6	44.1	48.6	48.5
Sovereign	14.5	54.7	65.0	55.8	65.0	-	-	18.6
Bank	-	64.5	65.0	58.9	65.0	-	65.0	64.5
Exposure weighted-average risk weight (%)								
Corporate [2]	-	26.1	54.3	66.1	93.5	209.4	258.9	63.9
Sovereign	3.7	28.7	55.0	116.5	172.7	-	-	7.0
Bank	-	18.5	51.3	124.4	167.5	-	48.3	21.4

1 Total credit risk exposures do not include equity or securitisation exposures.
2 Including SME and Specialised Lending 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

	30 June 2009							
	PD Grade							
	0 < 0.03%	0.03% < 0.15%	0.15% < 0.5%	0.5% < 3%	3% < 10%	10% < 100%	Default	Total
Non-retail [1]	$M	$M	$M	$M	$M	$M	$M	$M
Total Exposure								
Corporate [2]	-	29,115	38,564	63,707	8,542	2,943	2,264	145,135
Sovereign	21,808	1,557	129	130	12	-	-	23,636
Bank	-	30,330	2,311	181	36	-	195	33,053
Total	**21,808**	**61,002**	**41,004**	**64,018**	**8,590**	**2,943**	**2,459**	**201,824**
Undrawn commitments [3]								
Corporate [2]	-	9,883	14,089	10,835	967	260	72	36,106
Sovereign	1,002	114	30	48	-	-	-	1,194
Bank	-	1,642	631	76	-	-	188	2,537
Total	**1,002**	**11,639**	**14,750**	**10,959**	**967**	**260**	**260**	**39,837**
Exposure-weighted average EAD ($M)								
Corporate [2]	-	2.618	1.797	0.072	0.451	0.701	0.719	1.086
Sovereign	15.029	0.296	0.558	0.051	1.361	-	-	13.890
Bank	-	6.412	6.049	1.487	12.001	-	64.826	6.711
Exposure-weighted average LGD (%)								
Corporate [2]	-	60.1	55.8	39.7	35.3	43.5	45.9	48.1
Sovereign	18.6	55.8	65.0	54.9	65.0	-	-	23.4
Bank	-	65.0	65.0	57.6	65.0	-	65.0	64.9
Exposure weighted-average risk weight (%)								
Corporate [2]	-	25.6	53.1	68.4	92.2	208.8	214.6	62.3
Sovereign	4.1	36.4	65.4	107.7	177.2	-	-	7.2
Bank	-	19.3	44.3	96.0	172.2	-	475.2	24.3

1 Total credit risk exposures do not include equity or securitisation exposures.

2 Including SME and Specialised Lending exposures.

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

APS 330 Table 6d (ii) provides a breakdown of the Group's credit risk for retail exposures that qualify for calculation of RWA under the Basel II IRB approach. The breakdown is provided by Basel II asset class by probability of default.

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

	31 December 2009							
	PD Grade							
	0 < 0.1%	0.1% < 0.3%	0.3% < 0.5%	0.5% < 3%	3% < 10%	10% < 100%	Default	Total
Retail [1]	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
Total Exposure								
Residential mortgage	65,293	106,701	19,099	105,927	15,887	5,590	2,302	320,799
Qualifying revolving retail	-	5,136	100	4,107	2,378	483	175	12,379
Other retail	102	70	527	3,340	1,478	352	73	5,942
Total	**65,395**	**111,907**	**19,726**	**113,374**	**19,743**	**6,425**	**2,550**	**339,120**
Undrawn commitments [2]								
Residential mortgage	21,662	15,332	2,256	12,084	1,273	37	3	52,647
Qualifying revolving retail	-	2,576	57	1,280	262	22	25	4,222
Other retail	101	39	440	396	22	2	-	1,000
Total	**21,763**	**17,947**	**2,753**	**13,760**	**1,557**	**61**	**28**	**57,869**
Exposure-weighted average EAD ($M)								
Residential mortgage	0.154	0.205	0.104	0.243	0.344	0.231	0.322	0.210
Qualifying revolving retail	-	0.004	0.006	0.004	0.007	0.006	0.008	0.005
Other retail	0.003	0.004	0.004	0.008	0.005	0.004	0.004	0.006
Exposure-weighted average LGD (%)								
Residential mortgage	20.4	20.1	23.2	20.5	22.7	21.2	20.8	20.6
Qualifying revolving retail	-	84.1	86.0	84.7	85.6	85.5	85.1	84.7
Other retail	37.7	34.7	82.0	97.0	95.7	93.8	91.4	93.3
Exposure weighted-average risk weight (%)								
Residential mortgage	3.2	8.8	13.2	24.5	67.4	112.9	-	17.7
Qualifying revolving retail	-	10.2	17.0	40.2	127.1	223.0	-	50.8
Other retail	7.2	17.5	48.0	100.6	136.3	188.8	5.4	106.3

1 Total credit risk exposures do not include equity or securitisation exposures.

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

	30 June 2009							
	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	$M
Total Exposure								
Residential mortgage	59,320	102,092	17,989	106,396	13,006	5,214	1,596	305,613
Qualifying revolving retail	-	4,631	96	4,219	2,031	431	168	11,576
Other retail	96	76	514	3,146	1,630	376	74	5,912
Total	**59,416**	**106,799**	**18,599**	**113,761**	**16,667**	**6,021**	**1,838**	**323,101**
Undrawn commitments [2]								
Residential mortgage	19,687	15,669	2,205	14,007	1,087	36	2	52,693
Qualifying revolving retail	-	2,405	57	1,342	260	18	18	4,100
Other retail	95	40	438	418	25	2	-	1,018
Total	**19,782**	**18,114**	**2,700**	**15,767**	**1,372**	**56**	**20**	**57,811**
Exposure-weighted average EAD ($M)								
Residential mortgage	0.140	0.196	0.098	0.244	0.281	0.215	0.223	0.200
Qualifying revolving retail	-	0.004	0.006	0.004	0.006	0.005	0.008	0.004
Other retail	0.003	0.004	0.004	0.007	0.006	0.004	0.004	0.006
Exposure-weighted average LGD (%)								
Residential mortgage	20.5	20.1	23.6	20.6	24.5	21.3	21.3	20.8
Qualifying revolving retail	-	83.9	85.8	84.5	85.4	85.5	84.9	84.5
Other retail	37.7	34.3	81.8	96.3	95.6	94.7	91.7	92.9
Exposure weighted-average risk weight (%)								
Residential mortgage	3.2	8.8	13.4	24.5	73.8	113.1	-	17.9
Qualifying revolving retail	-	10.2	17.0	40.2	125.4	224.2	-	49.2
Other retail	7.2	17.2	47.9	99.4	136.8	188.2	-	107.1

1 Total credit risk exposures do not include equity or securitisation exposures.

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

Analysis of Losses

The following tables provide an analysis of the Group's financial losses by portfolio type (APS 330 Table 6e) and a comparison of losses on advanced portfolios against the Group's internal estimate of expected loss and regulatory expected loss estimates (APS 330 Table 6f).

APS 330 Table 6e - Analysis of losses

	31 December 2009		
	Half year Losses in reporting period		
Portfolio Type	Gross write-offs $M	Recoveries $M	Actual losses $M
Corporate including SME and Specialised Lending	768	(8)	760
Sovereign	-	-	-
Bank	73	-	73
Residential Mortgage	42	(1)	41
Qualifying revolving retail	153	(18)	135
Other retail	123	(14)	109
Total	**1,159**	**(41)**	**1,118**

	30 June 2009		
	Full year Losses in reporting period		
Portfolio Type	Gross write-offs $M	Recoveries $M	Actual losses $M
Corporate including SME and Specialised Lending	553	(17)	536
Sovereign	-	-	-
Bank	26	-	26
Residential Mortgage	54	(1)	53
Qualifying revolving retail	294	(32)	262
Other retail	216	(23)	193
Total	**1,143**	**(73)**	**1,070**

APS 330 Table 6f - Historical loss analysis by portfolio Type

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

	30 June 2009		
	Full Year Actual loss $M	Bank internal model 1 year expected loss estimate $M	Regulatory one year expected loss estimate $M
Corporate including SME and Specialised Lending	533	847	2,113
Sovereign	-	2	3
Bank	26	12	67
Residential Mortgage	51	322	1,080
Qualifying revolving retail	201	283	425
Other retail	169	207	273
Total Advanced	**980**	**1,673**	**3,961**

Analysis of Losses - continued

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

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

Regulatory EL increased $316 million on the prior half to $4,276 million, mainly as a result of:

- $222 million or 70% related to the retail asset classes, mostly from the residential mortgage portfolio. This was driven by growth in home lending and an increase in home loan arrears, with the application of the regulatory minimum LGD of 20%; and
- The reclassification of nearly all of commercial property exposures as Specialised Lending exposures which are subject to the more conservative supervisory slotting approach which attracts a higher EL charge.

4.5 Credit Risk Mitigation

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

	31 December 2009				
	Total Exposure [1] $ M	Eligible Financial Collateral $ M	Exposures Covered by Guarantees $ M	Exposures Covered by Credit Derivatives $ M	Coverage %
Advanced approach					
Corporate	67,074	-	872	39	1.4
SME Corporate	38,432	-	-	-	-
SME Retail	8,924	-	-	-	-
Sovereign	28,044	-	-	-	-
Bank	31,462	-	364	202	1.8
Residential mortgage	320,800	-	-	-	-
Qualifying revolving retail	12,377	-	-	-	-
Other retail	5,941	-	-	-	-
Other assets	-	-	-	-	-
Total advanced approach	**513,054**	**-**	**1,236**	**241**	**0.3**
Specialised Lending	41,865	-	-	-	-
Standardised approach					
Corporate	11,097	104	-	-	0.9
SME Corporate	7,604	65	-	-	0.9
SME Retail	5,261	8	-	-	0.2
Sovereign	586	-	-	-	-
Bank	6,013	-	21	-	0.3
Residential mortgage	47,225	52	-	-	0.1
Other retail	2,454	3	-	-	0.1
Other assets	15,649	-	-	-	-
Total standardised approach	**95,889**	**232**	**21**	**-**	**0.3**
Total exposures	**650,808**	**232**	**1,257**	**241**	**0.3**

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

	30 June 2009				
	Total Exposure [1] $ M	Eligible Financial Collateral $ M	Exposures Covered by Guarantees $ M	Exposures Covered by Credit Derivatives $ M	Coverage %
Advanced approach					
Corporate	87,911	-	974	44	1.2
SME Corporate	48,328	-	-	-	-
SME Retail	8,896	-	-	-	-
Sovereign	23,635	-	-	-	-
Bank	33,053	-	377	314	2.1
Residential mortgage	305,613	-	-	-	-
Qualifying revolving retail	11,576	-	-	-	-
Other retail	5,912	-	-	-	-
Other assets	-	-	-	-	-
Total advanced approach	**524,925**	**-**	**1,351**	**358**	**0.3**
Specialised Lending	21,461	-	-	-	-
Standardised approach					
Corporate	12,619	172	-	-	1.4
SME Corporate	7,522	-	-	-	-
SME Retail	5,293	-	-	-	-
Sovereign	301	-	-	-	-
Bank	609	-	12	-	1.9
Residential mortgage	42,866	45	-	-	0.1
Other retail	2,424	2	-	-	0.1
Other assets	16,861	-	-	-	-
Total standardised approach	**88,494**	**219**	**12**	**-**	**0.3**
Total exposures	**634,880**	**219**	**1,363**	**358**	**0.3**

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

4.6 Securitisation

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

Traditional securitisations — 31 December 2009

Underlying asset	Bank originated assets[1] $M	Third party originated assets[2] $M	Facilities provided[3] $M	Other (Manager Services) $M
	Total outstanding exposures securitised			
Residential mortgage	10,884	-	1,884	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	**10,884**	**-**	**1,884**	**-**

Traditional securitisations — 30 June 2009

Underlying asset	Bank originated assets[1] $M	Third party originated assets[2] $M	Facilities provided[3] $M	Other (Manager Services) $M
	Total outstanding exposures securitised			
Residential mortgage	12,568	-	2,439	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	399	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	**12,568**	**-**	**2,838**	**-**

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

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

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

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

Synthetic securitisations — 31 December 2009

Underlying asset	Bank originated assets $M	Third party originated assets $M	Facilities provided $M	Other (Manager Services) $M
	Total outstanding exposures securitised			
Residential mortgage	-	-	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	**-**	**-**	**-**	**-**

Synthetic securitisations — 30 June 2009

Underlying asset	Bank originated assets $M	Third party originated assets $M	Facilities provided $M	Other (Manager Services) $M
	Total outstanding exposures securitised			
Residential mortgage	-	-	-	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	**-**	**-**	**-**	**-**

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

Total securitisations				**31 December 2009**
	Total outstanding exposures securitised			
Underlying asset	**Bank originated assets [1] $M**	**Third party originated assets [2] $M**	**Facilities provided [3] $M**	**Other (Manager Services) $M**
Residential mortgage	10,884	-	1,884	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	**10,884**	**-**	**1,884**	**-**

Total securitisations				**30 June 2009**
	Total outstanding exposures securitised			
Underlying asset	**Bank originated assets [1] $M**	**Third party originated assets [2] $M**	**Facilities provided [3] $M**	**Other (Manager Services) $M**
Residential mortgage	12,568	-	2,439	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	399	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	**12,568**	**-**	**2,838**	**-**

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

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

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

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

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

				30 June 2009
	Group originated assets securitised			
Underlying asset	**Outstanding exposure $M**	**Impaired $M**	**Past due $M**	**Losses recognised $M**
Residential mortgage	12,568	15	165	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	**12,568**	**15**	**165**	**-**

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

	31 December 2009	30 June 2009
Securitisation facility type	**Exposure $M**	**Exposure $M**
Liquidity support facilities	882	1,052
Warehouse facilities	5,166	6,258
Standby liquidity facilities	-	-
Derivative transactions	1,328	1,026
Holdings of securities (banking book)	1,921	3,813
Other	85	96
Total securitisation exposures in the banking book	**9,382**	**12,245**
Holdings of securities (trading book)	114	60
Total securitisation exposures	**9,496**	**12,305**

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

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

		30 June 2009
Risk weight band	**Exposure $M**	**Capital requirement $M**
≤ 25%	10,473	1,485
>25 ≤ 35%	-	-
>35 ≤ 50%	200	88
>50 ≤ 75%	1,339	894
>75 ≤ 100%	153	64
>100 ≤ 650%	72	129
>650 < 1250%	9	63
Total [1]	**12,245**	**2,724**

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

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

			31 December 2009
Underlying asset type	**Deductions from Tier 1 Capital $M**	**Deductions from Tier 2 Capital $M**	**Total $M**
Residential mortgage	30	30	**60**
Credit cards and other personal loans	-	-	**-**
Auto and equipment finance	-	-	**-**
Commercial loans	-	-	**-**
Other	3	3	**6**
Total	**33**	**33**	**66**

			30 June 2009
Underlying asset type	**Deductions from Tier 1 Capital $M**	**Deductions from Tier 2 Capital $M**	**Total $M**
Residential mortgage	32	31	**63**
Credit cards and other personal loans	-	-	**-**
Auto and equipment finance	-	-	**-**
Commercial loans	-	-	**-**
Other	-	-	**-**
Total	**32**	**31**	**63**

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

						31 December 2009
	Aggregate drawn exposure		**Aggregate IRB capital charge against Bank's retained shares from:**		**Aggregate IRB capital charge against investor's shares of:**	
Underlying asset type	**Seller's interest $M**	**Investor's interest $M**	**Drawn balances $M**	**Undrawn lines $M**	**Drawn balances $M**	**Undrawn lines $M**
Residential mortgage	-	-	-	-	-	-
Credit cards and other personal loans	-	-	-	-	-	-
Auto and equipment finance	-	-	-	-	-	-
Commercial loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**

						30 June 2009
	Aggregate drawn exposure		**Aggregate IRB capital charge against Bank's retained shares from:**		**Aggregate IRB capital charge against investor's shares of:**	
Underlying asset type	**Seller's interest $M**	**Investor's interest $M**	**Drawn balances $M**	**Undrawn lines $M**	**Drawn balances $M**	**Undrawn lines $M**
Residential mortgage	-	-	-	-	-	-
Credit cards and other personal loans	-	-	-	-	-	-
Auto and equipment finance	-	-	-	-	-	-
Commercial loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**

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

Bankwest securitisation exposures are subject to the Standardised approach and are incorporated in APS 330 Tables 9g (page 30).

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

	Securitisation activity for the 6 months to 31 December 2009	
Underlying asset type	**Value of loans sold or originated into securitisation $M**	**Recognised gain or loss on sale $M**
Residential mortgage	-	-
Credit cards and other personal loans	-	-
Auto and equipment finance	-	-
Commercial loans	-	-
Other	-	-
Total	**-**	**-**

	Securitisation activity for the 6 months to 30 June 2009	
Underlying asset type	**Value of loans sold or originated into securitisation $M**	**Recognised gain or loss on sale $M**
Residential mortgage	-	-
Credit cards and other personal loans	-	-
Auto and equipment finance	-	-
Commercial loans	-	-
Other	-	-
Total	**-**	**-**

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

	31 December 2009	**30 June 2009**
New facilities provided	**Notional amount $M**	**Notional amount $M**
Liquidity support facilities	-	-
Warehouse facilities	-	-
Standby liquidity facilities	-	-
Derivative transactions	-	-
Other	-	-
Total	**-**	**-**

5 Equity Risk

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

	31 December 2009	
Equity investments	**Balance sheet value $M**	**Fair value $M**
Value of listed (publicly traded) equities	557	557
Value of unlisted (privately held) equities	1,357	1,357
Total [1]	**1,914**	**1,914**

1 Equity holdings comprise; $1,340m Investments in Associates, $219m Assets Held for Sale and $355m Available for Sale Securities.

	30 June 2009	
Equity investments	**Balance sheet value $M**	**Fair value $M**
Value of listed (publicly traded) equities	556	556
Value of unlisted (privately held) equities	1,329	1,329
Total [1]	**1,885**	**1,885**

1 Equity holdings comprise; $1,047m Investments in Associates, $553m Assets Held for Sale and $285m Available for Sale Securities. Includes Bankwest.

Gains (losses) on equity investments	**31 December 2009 [1] $M**	**30 June 2009 [2] $M**
Cumulative realised gains (losses) in reporting period	34	(46)
Total unrealised gains (losses)	100	(85)
Total unrealised gains (losses) included in Tier 1/Tier 2 capital	14	4

1 For the 6 months to 31 December 2009.
2 For the 6 months to 30 June 2009.

Risk weighted assets	**31 December 2009 $M**	**30 June 2009 $M**
Equity investments subject to a 300% risk weight	440	396
Equity investments subject to a 400% risk weight	2,088	1,707
Total RWA by equity asset class	**2,528**	**2,103**

	Total Credit Exposure	
Equity exposures	**31 December 2009 $M**	**30 June 2009 $M**
Risk weight		
300%	147	132
400%	522	427
Total	**669**	**559**

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

APS 330 Table 10b - Market risk under standardised approach

Exposure type	31 December 2009 $M	30 June 2009 $M
Interest rate risk	167.6	183.0
Equity position risk	6.4	3.4
Foreign exchange risk	0.2	0.5
Commodity risk	0.8	0.3
Total	**175.0**	**187.2**
Risk weighted asset equivalent [1]	**2,187.5**	**2,340.0**

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

The table below summarises Market Risk RWA by modelling approach.

Market Risk Approach	31 December 2009 $M	30 June 2009 $M
Standardised Approach	2,188	2,340
Internal Models Approach	1,845	1,110
Total Market Risk RWA	**4,033**	**3,450**

APS 330 Table 11d – Value at Risk for trading portfolios under Internal Modelling Approach

	Aggregate Value at Risk over the reporting period			
Aggregate VaR [1]	***Mean value*** **$M**	***Maximum value*** **$M**	***Minimum value*** **$M**	**As at balance date $M**
Over the 6 months to 31 December 2009	41.5	61.6	18.6	47.8
Over the 6 months to 30 June 2009	30.8	46.7	20.0	21.0

Summary Table of number of outliers [2]	
Over the 6 months to 31 December 2009	1
Over the 6 months to 30 June 2009	4

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

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

Internal Modelling Approach - VaR Exceptions

The number of VaR exceptions under the internal modelling approach reflects volatile risk factor returns over the reporting period. These have been under-represented in historical observation.

Over the reporting period 1 July 2009 to 31 December 2009

Date	Hypothetical Loss $M	VaR 99% $M
27 November 2009	12.5	9.0

Over the reporting period 1 January 2009 to 30 June 2009

Date	Hypothetical Loss $M	VaR 99% $M
9 March 2009	12.0	9.1
30 January 2009	18.4	9.0
26 January 2009	15.1	8.7
15 January 2009	21.7	8.9

6.2 Non-Traded Market Risk

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

Stress testing: interest rate shock applied	Change in economic value 31 December 2009 $M	30 June 2009 $M
AUD		
200 basis point parallel increase	(285)	(150)
200 basis point parallel decrease	332	168
NZD		
200 basis point parallel increase	(126)	(146)
200 basis point parallel decrease	134	156
Other		
200 basis point parallel increase	(9)	(9)
200 basis point parallel decrease	9	9

	31 December 2009 $M	30 June 2009 $M
IRRBB regulatory RWA [1]	**16,601**	**8,944**

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 and Table 16c - Capital requirements for operational risk - risk weighted assets

	31 December 2009 $M	30 June 2009 $M
Advanced Measurement Approach	15,154	14,797
Standardised Approach	3,195	3,192
Total operational risk RWA	**18,349**	**17,989**

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

Ordinary share capital	31 December 2009 $M	30 June 2009 $M
Ordinary share capital	22,344	21,642
add back treasury shares [1]	262	278
Ordinary share capital for regulatory purposes	**22,606**	**21,920**

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

Reserves

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

Reserves [1]	31 December 2009 $M	30 June 2009 $M
General reserve	1,210	1,445
Capital reserve	303	299
Foreign currency translation reserve [2]	(612)	(521)
Total reserves balance included in regulatory capital	**901**	**1,223**

1 Regulatory Capital excludes Cash flow hedge reserve, Employee compensation reserve, Available for Sale investment reserve and Asset Revaluation reserve from Tier One Capital. Upper Tier Two Capital allows for the inclusion of 45% of the Asset Revaluation Reserve balance.

2 Excludes balances related to non consolidated subsidiaries.

Retained Earnings (including Current Year Earnings)

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

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

	31 December 2009 $M	30 June 2009 $M
Retained Earnings and Current Period Profits	9,320	7,825
Less Expected dividend	(1,841)	(1,747)
Add back Estimated reinvestment under Dividend Reinvestment Plan	608	507
Retained earnings AIFRS adjustment for non consolidated subsidiaries	752	752
Other	(91)	(181)
Total included in regulatory capital	**8,748**	**7,156**

Residual Tier One Capital

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

APRA has limited the amount of Residual (25%) and Innovative Capital (15%) that qualifies as Tier One capital, with any excess transferred to upper Tier Two Capital. Innovative transitional relief of $765 million was granted by APRA. This relief, which expires on 1 January 2010, is to be reduced by 20% per quarter, effective from March 2009 onwards. As at 31 December 2009 Innovative Capital is below the 15% limit and hence the transitional relief is not applicable. As a consequence of the issue of PERLS V in October 2009, residual capital is $73 million above the prescribed limit of 25% of Tier One Capital as at 31 December 2009. This excess is required to be transferred to upper Tier Two Capital.

Innovative Capital

The following innovative capital instruments were current at 31 December 2009:

Innovative Capital [1]	31 December 2009 $M	30 June 2009 $M
PERLS III	1,147	1,147
Trust Preferred Securities 2003	613	676
Trust Preferred Securities 2006	939	939
ASB Preference Shares	505	505
Perpetual Exchangeable Floating Rate Notes	225	248
Total Innovative Capital	**3,429**	**3,515**

1 Represents AUD equivalent net of issue costs.

PERLS III

Perpetual Exchangeable Repurchaseable Listed Shares (PERLS III) were issued in 2004 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.

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

Non-Innovative Capital

Non Innovative Capital [1]	31 December 2009 $M	30 June 2009 $M
PERLS IV	1,443	1,443
PERLS V	1,964	-
Total Non Innovative Capital	3,407	1,443

1 Represents AUD equivalent net of issue costs.

The Group's Perpetual Exchangeable Resaleable Listed Securities (PERLS IV issued in July 2007 and 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.

Further details on the terms and conditions of the Group's innovative and non-innovative Tier 1 capital instruments are contained in the Group's 30 June 2009 Basel II Pillar 3 Capital Adequacy and Risk Disclosures and Note 30 of the Group's Annual Report 2009.

Tier One Capital Deductions

The tables below detail the Tier One capital deductions.

Tier One Capital Deductions - 100%	31 December 2009 $M	30 June 2009 $M
Goodwill	(8,523)	(8,572)
Capitalised expenses	(283)	(257)
Capitalised computer software costs	(799)	(673)
Defined benefit superannuation plan surplus	(411)	(347)
Deferred tax	(34)	(257)
Total Tier One Capital Deductions - 100%	**(10,050)**	**(10,106)**

Tier One Capital Deductions - 50%	31 December 2009 $M	30 June 2009 $M
Equity investments in other companies and trusts	(315)	(422)
Equity investments in non consolidated subsidiaries (net on intangibles)	(600)	(529)
Expected impairment loss (before tax) in excess of eligible credit provisions (net of deferred tax)	(727)	(654)
Other deductions	(277)	(250)
Total Tier One Capital Deductions - 50%	**(1,919)**	**(1,855)**

Tier Two Capital

The table below provides details on the Group's Upper Tier Two Capital.

Upper Tier Two Capital	31 December 2009 $M	30 June 2009 $M
Residual capital above prescribed limits transferred from Tier One capital [1]	73	-
Prudential general reserve for credit losses (net of tax) [2]	603	590
Asset revaluation reserve	76	78
Upper Tier Two note and bond issues	350	373
Other	64	56
Total Upper Tier Two Capital	**1,166**	**1,097**

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

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

Lower Tier Two Capital

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

- Instruments are unsecured and paid up;
- Minimum term of 5 years; and
- The amount available for inclusion in Lower Tier Two is 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
ADI	Authorised Deposit-taking Institution - includes banks, building societies and credit unions which are authorised by APRA to take deposits from customers.
AIFRS	Australian equivalent to International Financial Reporting Standards.
AIRB	Advanced Internal Ratings Based approach - used to measure credit risk in accordance with the Group's Basel II accreditation approval provided by APRA 10 December 2007 that allows the Group to use internal estimates of PD, LGD and EAD for the purposes of calculating regulatory capital.
AMA	Advanced Measurement Approach - used to measure operational risk in accordance with the Group's Basel II accreditation approval provided by APRA 10 December 2007 that allows the Group to use internal estimates and 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 www.apra.gov.au .
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 Revised Framework for International Convergence of Capital Measurement and Capital Standards issued in June 2006 and as amended subsequently.
CBA	Commonwealth Bank of Australia - the chief entity for the Group.
Collective Provisions	All loans and receivables that do not have an individually assessed provision are assessed collectively for impairment. The collective provision is maintained to reduce the carrying value of the portfolio of loans to their estimated recoverable amounts. These provisions are as reported in the Group's Financial Statements in accordance with AIFRS AASB 139 "Financial Instruments: Recognition and Impairment".
Corporate	APS asset class – includes commercial credit risk where annual revenues exceed $50 million, SME Corporate and SME Retail.
EAD	Exposure at Default – The extent to which a bank may be exposed to a counterparty in the event of default.
EL	Expected Loss – EL is a function of EAD, PD and LGD.
ELE	Extended Licensed Entity – APRA may deem a subsidiary of an ADI to be part of the ADI itself for the purposes of measuring the ADIs exposures to related entities.
EP	Eligible Provisions – For AIRB portfolios, EPs are the sum of collective, individually assessed and other provisions less tax effects. Provisions relating to Standardised portfolios, including Bankwest, are excluded from Eligible Provisions. In practice, there is a difference between EL, as determined in accordance with IRB measurement requirements, and eligible provisions, as determined by accounting standards.
General Reserve for Credit Losses	APS 220 requires the Group to establish a reserve that covers credit losses prudently estimated, but not certain to arise, over the full life of all individual facilities making up the business of the ADI. Most of the Group's collective provisions are included in the General Reserve for Credit Losses.

Glossary (continued)

Term	Definition
Individual Provisions	Provisions made against individual facilities in the credit-rated managed segment where there is objective evidence of impairment and full recovery of principal is considered doubtful. These provisions are established based primarily on estimates of realisable value of collateral taken. These provisions are as reported in the Group's Financial Statements in accordance with AIFRS AASB 139 "Financial Instruments: Recognition and Impairment".
Level 1	The lowest level at which the Group reports its capital adequacy to APRA.
Level 2	The level at which the group reports its capital adequacy to APRA being the consolidated banking group comprising the ADI, its immediate locally incorporated non-operating holding company, if any, and all their subsidiary entities other than non-consolidated subsidiaries. This is the basis on which this report has been produced.
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 Bank. Only Australian retail credit cards qualify for this asset class.
Residential Mortgage	APS asset class - includes retail and small and medium enterprise exposures up to $1 million that are secured by residential mortgage property.
RWA	Risk Weighted Assets – The value of the Group's on and off-balance sheet assets are adjusted according to risk weights calculated according to various APRA prudential standards. For more information, refer to the APRA web site www.apra.gov.au .
Scaling factor	A key objective of the Basel Committee on Banking Supervision is to broadly maintain the aggregate level of capital in the global financial system post implementation of Basel II. To attain this objective, the Committee applies a scaling factor to the risk-weighted asset amounts for credit risk under the IRB approach. The current scaling factor is 1.06. National authorities will continue to monitor capital requirements during the implementation period of the Revised Framework. Moreover, the Committee will monitor national experiences with the Revised Framework.
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 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 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 and Project Finance assets.
Specific Provisions	APS 220 requires ADIs to report as specific provisions all provisions for impairment assessed by an ADI on an individual basis in accordance with AIFRS and that portion of provisions assessed on a collective basis which are deemed ineligible to be included in the General Reserve for Credit Losses (which are primarily collective provisions on some defaulted assets).