BASEL III PILLAR 3

CAPITAL ADEQUACY AND RISKS DISCLOSURES AS AT 31 DECEMBER 2014

CommonwealthBank

COMMONWEALTH BANK OF AUSTRALIA | ACN 123 123 124 | 11 FEBRUARY 2015

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1 Introduction

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

This document is prepared in accordance with Board approved policy and APRA's prudential standard APS 330 "Public Disclosure". It presents information on the Group's capital adequacy and Risk Weighted Asset (RWA) calculations for credit risk including securitisation and equities exposures, market risk, Interest Rate Risk in the Banking Book (IRRBB) and operational risk.

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

The Group is predominantly accredited to use the Advanced Internal Ratings Based approach (AIRB) for credit risk and Advanced Measurement Approach (AMA) for operational risk. The Group is also required to assess its traded market risk and IRRBB requirement under Pillar 1 of the Basel capital framework.

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

This document is available on the Group's corporate website www.commbank.com.au/about-us/investors/shareholders.

The Group in Review

The Group continued to maintain its strong capital position. As at 31 December 2014, the Group's Internationally Comparable Common Equity Tier 1 (CET1) ratio, as measured on the full adoption of the Basel III capital reforms was 13.3%. This continues to place the Group in a strong position relative to our international and domestic peers. The Group has revised its international measure of CET1 with the methodology consistent with that detailed in the August 2014 PwC Australia report commissioned by the Australian Bankers Association (ABA). The Group's Basel III CET1, Tier 1 and Total Capital Ratios as measured on an APRA basis as at 31 December 2014 were 9.2%, 11.6% and 12.7% respectively.

The Group regularly benchmarks and aligns its policy framework against existing prudential and regulatory standards. Potential developments in Australian and international standards, and global best practice are also considered.

The Group continues to monitor and take actions to enhance its strong risk culture. This includes a risk appetite framework and the risk accountability (Three Lines of Defence) model. The risk appetite framework creates clear obligations and transparency over risk management and strategy decisions; and, the Three Lines of Defence model requires business management to operate responsibly by taking well understood and managed risks that are appropriately and adequately priced.

The strength and robustness of the Group's risk management framework has been reflected in the Group's overall asset quality and capital position. In particular, the Group remains in a select group of banking institutions with an AA-/Aa2 credit rating. To maintain this strength, the Group continues to invest in its risk systems and management processes.

The Group's capital forecasting process ensures pro-active actions and plans are in place to ensure a sufficient capital buffer above minimum levels is in place at all times. The Group manages its capital by regularly and simultaneously considering regulatory capital requirements, rating agency views on the capital required to maintain the Group's credit rating, the market response to capital, stress testing and the Group's bottom up view of economic capital. These views then cascade into considerations on what capital level is targeted.

The Group's management of its capital adequacy is supported by robust capital management processes applied in each Business Unit. The results are integrated into the Group's consolidated regulatory and economic capital requirements, and risk-adjusted performance and pricing processes.

Summary Group Capital Adequacy Ratios (Level 2)	31 Dec 14 %	30 Jun 14 %	31 Dec 13 %
Common Equity Tier 1	**9. 2**	9. 3	8. 5
Tier 1	**11. 6**	11. 1	10. 6
Tier 2	**1. 1**	0. 9	0. 8
Total Capital (APRA)	**12. 7**	12. 0	11. 4
Common Equity Tier 1 (Internationally Comparable) (1)	**13. 3**	n/a	n/a

(1) The calculation of the December 2014 ratio has been revised to align to the Internationally Comparable methodology detailed in the August 2014 PwC Australia report commissioned by the ABA. The key changes in methodology include differences in calculating RWA for residential mortgages, specialised lending and corporate exposures. Refer to page 6 for table of differences between Basel III APRA and the Internationally Comparable basis.

2 Scope of Application

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

APRA adopts a tiered approach to the measurement of an ADIs 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** (1)**:** 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 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 6g of this report (page 5).

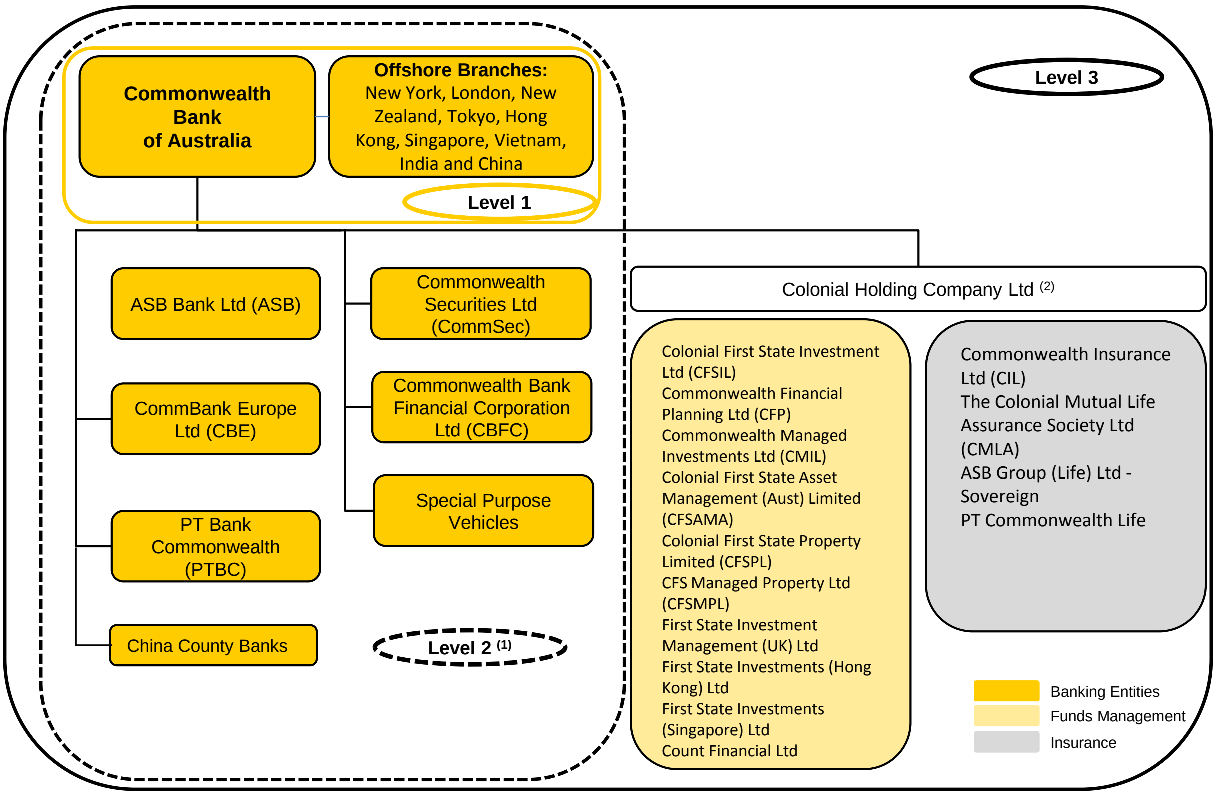
ASB Bank Limited (ASB) operates under advanced Basel III status and is subject to regulation by the Reserve Bank of New Zealand (RBNZ). The RBNZ applies a similar methodology to APRA in calculating regulatory capital requirements.

CommBank Europe (CBE), PT Bank Commonwealth (PTBC) and the China County Banks use Standardised Basel III methodology.

Restrictions on transfer of funds or regulatory capital within the Group

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. There are no capital deficiencies in non-consolidated subsidiaries in the Group.



(1) The Level 2 Regulatory Consolidated group is based on the historic definition of the Level 2 Group, prior to APRA clarification provided in May 2014. Refer to Section 3 Capital – Other Regulatory Changes on page 4 or more details.

(2) Represents the Colonial Holding Company Ltd and major operating subsidiaries. A more detailed list of non-consolidated entities, together with details on their principal activities is provided in Appendix 9.4.

3 Capital

Basel III

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 being implemented on a phased approach to 1 January 2019.

In September 2012, 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 Group adopted the Basel III measurement and monitoring of regulatory capital effective from 1 January 2013.

The APRA prudential standards require a minimum CET1 ratio of 4.5% effective from 1 January 2013. An additional CET1 capital conservation buffer of 3.5%, inclusive of a Domestic Systemically Important Banks (D-SIBs) requirement of 1%, will be implemented on 1 January 2016, bringing the minimum CET1 requirement to 8%.

Capital Management

The Group's Basel III CET1 ratio as measured on an APRA basis was 9.2% at 31 December 2014, compared with 9.3% at 30 June 2014. The relatively flat capital movement across the period was due in part to the neutralisation of the June 2014 final Dividend Reinvestment Plan (DRP).

The Group's Basel III Internationally Comparable CET1 as at 31 December 2014 was 13.3%.

Details of the major differences in the Basel III APRA and the Basel III Internationally Comparable CET1 ratios are provided on page 6.

The Tier 1 and Total Capital ratios under Basel III (APRA) are 11.6% and 12.7% respectively at 31 December 2014.

Capital Initiatives

In order to actively manage the Group's capital, the following significant initiatives were undertaken during the half year ended 31 December 2014:

- The DRP in respect of the 2014 final dividend was satisfied in full by the on market purchase of shares. The participation ratio for the DRP was 19.9%;
- In October 2014, the Bank issued $3 billion of CommBank PERLS VII Capital Notes (PERLS VII) a Basel III compliant Additional Tier 1 security, the proceeds of which were used to fund the Group's business. In turn, the Bank bought back and cancelled $2 billion of PERLS V issued in 2009; and
- In November 2014, the Group issued $1 billion subordinated notes that are Basel III compliant Tier 2 capital.

Other Regulatory Changes

Financial Systems Inquiry

On 7 December 2014, the Government released the final report of the Financial System Inquiry (FSI). The key recommendations from the report that may have an impact on regulatory capital include:

- Setting capital standards such that Australian Authorised Deposit-taking Institution (ADI) capital ratios are unquestionably strong;
- Raising the average Internal Ratings-Based (IRB) mortgage risk weight for ADIs using IRB risk-weight models;
- Implementing a framework for minimum loss absorbing and recapitalisation capacity in line with emerging international practice, sufficient to facilitate the orderly resolution of ADI's and minimise taxpayer support;
- Introducing a leverage ratio, in line with the Basel Committee that acts as a backstop to the capital position of ADIs; and
- Developing a reporting template to improve the transparency and comparability of capital ratios.

The Government will consult on the Inquiry's recommendations before making any decision. This consultation will occur up to 31 March 2015.

Composition of Level 2 ADI Groups

In May 2014, APRA provided more clarity in relation to the definition of the Level 2 Banking Group. Subsidiary intermediate holding companies are now considered part of the Level 2 Group, regardless of the nature of any activity undertaken by the operating subsidiary. As a result, capital benefits arising from the debt issued by the Colonial Group will be phased out.

APRA granted the Group transition arrangements with regard to the impact on capital ratios in line with the maturity profile of the debt.

Given the transitional arrangements and the maturity profile of the debt, there is no immediate effect on the Group's capital ratios. The impact on future periods is expected to be minimal given the Group's strong capital generation capabilities.

Conglomerate Groups

APRA is extending 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.

APRA released revised conglomerate standards in August 2014 however, a decision on the implementation date has been deferred until after the Federal Government's response to the FSI. APRA have confirmed that a minimum transition period of 12 months will apply once the implementation date is established.

Leverage Ratio

In January 2014, the BCBS endorsed the leverage ratio framework and disclosure requirements. The ratio is defined as Tier 1 Capital as a percentage of exposures, with a proposed minimum of 3%.

The BCBS has advised that any final adjustments to the definition and calibration of the ratio will be made by 2017. Migration to a Pillar 1 (minimum capital requirement) is expected from 1 January 2018.

In September 2014 APRA approved the approach adopted by the BCBS, with public disclosure to commence from 1 April 2015.

Group Regulatory Capital Position

Summary Group Capital Adequacy Ratios (Level 2)	31 Dec 14 %	30 Jun 14 %	31 Dec 13 %
Common Equity Tier 1	**9. 2**	9. 3	8. 5
Tier 1	**11. 6**	11. 1	10. 6
Tier 2	**1. 1**	0. 9	0. 8
Total Capital (APRA)	**12. 7**	12. 0	11. 4
Common Equity Tier 1 (Internationally Comparable) (1)	**13. 3**	n/a	n/a

(1) The calculation of the December 2014 ratio has been revised to align to the Internationally Comparable methodology detailed in the August 2014 PwC Australia report commissioned by the ABA. The key changes in methodology include differences in calculating RWA for residential mortgages, specialised lending and corporate exposures. Refer to page 6 for table of differences between Basel III APRA and the Internationally Comparable basis.

	APRA 31 Dec 14 $M	APRA 30 Jun 14 $M	APRA 31 Dec 13 $M
Ordinary Share Capital and Treasury Shares (1)	**27,326**	27,327	26,620
Reserves	**2,548**	1,962	1,721
Retained earnings	**19,446**	18,459	16,983
Non-controlling interests	**-**	-	-
Common Equity Tier 1 Capital before regulatory adjustments	**49,320**	47,748	45,324
Common Equity Tier 1 regulatory adjustments	**(16,735)**	(16,336)	(16,786)
Common Equity Tier 1 Capital	**32,585**	31,412	28,538
Additional Tier 1 Capital	**8,413**	6,196	6,720
Tier 1 Capital	**40,998**	37,608	35,258
Tier 2 Capital	**3,903**	2,935	2,922
Total Capital	**44,901**	40,543	38,180

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

Further details on the composition of the Group's capital is detailed in Appendix 9.

APS 330 Table 6g – Capital Ratios – Level 1 and Major Subsidiaries

Significant Group ADIs	31 Dec 14 %	30 Jun 14 %	31 Dec 13 %
CBA Level 1 CET1 Capital ratio	**9. 1**	9. 1	8. 3
CBA Level 1 Tier 1 Capital ratio	**11. 5**	10. 9	10. 3
CBA Level 1 Total Capital ratio	**12. 5**	11. 8	11. 2
ASB CET1 Capital ratio	**9. 9**	10. 6	11. 1
ASB Tier 1 Capital ratio	**11. 0**	11. 7	12. 4
ASB Total Capital ratio	**12. 0**	12. 7	12. 5

Regulatory Capital Framework Comparison

In implementing the Basel III capital framework in Australia, APRA elected to adopt a more conservative approach than the BCBS Basel III minimum requirements. APRA is also adopting an accelerated timetable for the implementation of the Basel III capital framework. As a result APRA Basel III capital ratios published by Australian banks are not directly comparable to the published capital ratios of international banks.

The Group has revised its international measure of CET1 with the methodology consistent with that detailed in the August 2014 PwC Australia report commissioned by the Australian Bankers Association (ABA).

The table below provides an explanation of the material differences between the Basel III APRA and the Internationally Comparable ratios.

Item	Description
Deductions	
Equity investments	A deduction is required from CET1 for equity investments in financial institutions and entities that are not consolidated for regulatory purposes (e.g. insurance and funds managements businesses). APRA requires these equity investments to be 100% deducted from CET1. The BCBS allows a concessional threshold before the deduction is required, which is reflected in the internationally comparable methodology.
Deferred tax assets	A deduction is required from CET1 for deferred tax assets relating to temporary differences. APRA requires all deferred tax assets, including those relating to temporary differences, to be 100% deducted from CET1. The BCBS allows a concessional threshold before the deduction is required, which is reflected in the internationally comparable methodology.
Risk Weighted Assets	
IRRBB RWA	APRA requires capital to be held for Interest Rate Risk in the Banking Book (IRRBB). The BCBS does not require capital to be held, which is reflected in the internationally comparable methodology.
Residential mortgages	APRA requires a minimum Loss Given Default (LGD) floor of 20% to be applied to mortgages, compared with the BCBS floor of 10%. The internationally comparable methodology applies a LGD level of 15%.
Specialised lending & other standardised exposures	APRA requires more conservative risk weighting treatment of specialised lending exposures and other standardised exposures than the BCBS. The internationally comparable methodology uses less conservative treatments.
Corporate exposures	APRA requires conservative risk modelling, and applies national discretion, in relation to corporate exposures, which are not evident in most offshore jurisdictions. The internationally comparable methodology uses less conservative treatments.

The following table details the differences between Basel III APRA and the Internationally Comparable basis. The Group's CET1, as at 31 December 2014 on a Basel III internationally comparable basis was 13.3%.

	31 December 2014
	CET1
Regulatory Capital Frameworks Comparison	%
Basel III (APRA)	9. 2
Equity investments	1. 0
Deferred tax assets	0. 2
IRRBB risk weighted assets	0. 1
Treatment of residential mortgages	0. 8
Treatment of specialised lending and other standardised exposures	0. 9
Treatment of corporate exposures	1. 1
Total adjustments	4. 1
Basel III (Internationally Comparable)	13. 3

4 Risk Weighted Assets

Risk weighted assets are calculated in accordance with the AIRB approach for the majority of the Group's credit risk exposures.

Internal assessment and supervisory formula approaches are used where relevant for non-rated securitisation exposures and the ratings-based approach is used for securitisation exposures rated by External Credit Assessment Institutions (ECAI).

APS 330 Table 6b to 6f – Basel III Capital Requirements (RWA)

	Risk Weighted Assets			Dec 2014 vs Jun 2014		Jun 2014 vs Dec 2013	
	31 Dec 14	30 Jun 14	31 Dec 13				
Asset Category	$M	$M	$M	$M	%	$M	%
Credit Risk							
Subject to advanced IRB approach							
Corporate	**56,612**	49,067	48,331	7,545	15. 4	736	1. 5
SME corporate	**23,913**	22,478	22,548	1,435	6. 4	(70)	(0. 3)
SME retail	**4,963**	5,280	4,711	(317)	(6. 0)	569	12. 1
SME retail secured by residential mortgage (1)	**3,285**	3,543	3,329	(258)	(7. 3)	214	6. 4
Sovereign	**5,432**	5,330	3,985	102	1. 9	1,345	33. 8
Bank	**10,983**	10,131	10,073	852	8. 4	58	0. 6
Residential mortgage (1) (2)	**72,278**	65,986	64,468	6,292	9. 5	1,518	2. 4
Qualifying revolving retail (2)	**8,533**	8,215	6,553	318	3. 9	1,662	25. 4
Other retail (2)	**13,620**	12,757	11,827	863	6. 8	930	7. 9
Impact of the regulatory scaling factor (3)	**11,977**	10,967	10,550	1,010	9. 2	417	4. 0
Total RWA subject to advanced IRB approach	**211,596**	193,754	186,375	17,842	9. 2	7,379	4. 0
Specialised lending	**48,774**	48,935	48,514	(161)	(0. 3)	421	0. 9
Subject to standardised approach							
Corporate	**11,358**	10,850	11,087	508	4. 7	(237)	(2. 1)
SME corporate	**5,470**	4,924	5,382	546	11. 1	(458)	(8. 5)
SME retail	**5,571**	5,207	4,615	364	7. 0	592	12. 8
Sovereign	**169**	124	106	45	36. 3	18	17. 0
Bank	**204**	220	247	(16)	(7. 3)	(27)	(10. 9)
Residential mortgage	**6,416**	6,040	6,182	376	6. 2	(142)	(2. 3)
Other retail	**2,946**	2,648	2,571	298	11. 3	77	3. 0
Other assets	**4,924**	4,214	4,586	710	16. 8	(372)	(8. 1)
Total RWA subject to standardised approach	**37,058**	34,227	34,776	2,831	8. 3	(549)	(1. 6)
Securitisation	**5,016**	5,010	5,722	6	0. 1	(712)	(12. 4)
Credit valuation adjustment	**8,126**	6,636	6,381	1,490	22. 5	255	4. 0
Central counterparties	**954**	576	436	378	65. 6	140	32. 1
Total RWA for credit risk exposures	**311,524**	289,138	282,204	22,386	7. 7	6,934	2. 5
Traded market risk	**6,466**	5,284	5,970	1,182	22. 4	(686)	(11. 5)
Interest rate risk in the banking book	**4,846**	14,762	17,543	(9,916)	(67. 2)	(2,781)	(15. 9)
Operational risk	**30,212**	28,531	28,480	1,681	5. 9	51	0. 2
Total risk weighted assets	**353,048**	337,715	334,197	15,333	4. 5	3,518	1. 1

(1) Advanced RWA for SME retail exposures secured by residential mortgages is calculated using the same method as advanced residential mortgages. From June 2014, unless specified otherwise, the Group will include these exposures under SME retail. Prior to that date, these exposures were included in residential mortgages.

(2) A change in the application of the Retail Best Estimate of Expected Loss (BEEL) resulted in an increase RWA of $6.4 billion which was largely offset by a drop in the regulatory Expected Loss deduction for CET1 capital.

(3) APRA requires RWA amounts that are derived from IRB risk weight functions to be multiplied by a factor of 1.06.

Risk Weighted Assets

Total Group RWA increased by $15.3 billion or 4.5% on the prior half to $353.0 billion.

Credit Risk Exposure and RWA

Credit risk RWA increased over the half by $22.4 billion or 7.7% to $311.5 billion, mostly due to:

- Lending growth in most portfolios;
- Revision of regulatory treatments, primarily in relation to the application of retail Best Estimate of Expected Loss (BEEL); and
- Depreciation of the Australian dollar.

These increases were partly offset by improved credit quality.

Traded Market Risk RWA

Traded market risk RWA increased by $1.2 billion or 22.4% to $6.5 billion. This was driven mainly by an increase in activity in interest rate and fixed income products and increased volatility in the currency market.

Interest Rate Risk in the Banking Book (IRRBB) RWA

IRRBB RWA decreased by $9.9 billion or 67.2% during the half as a result of treasury risk management activities, lower modelled volatility of interest rates and increased offset of embedded gains from lower long term interest rates.

Operational Risk RWA

Operational Risk RWA increased by $1.7 billion or 5.9% to $30.2 billion. The increase reflects industry events and the current regulatory environment.

Explanation of change in credit RWA

The composition of the movement in Credit RWA over the prior half, as reflected in APS 330 Table 6b to 6f, is shown below.

		Credit RWA movement drivers				
	Change in RWA for Dec 14 half	Volume changes	FX changes	Credit risk estimates changes and regulatory treatments (1)	Data and methodology changes	Change in credit quality
Asset Category	$M	$M	$M	$M	$M	$M
AIRB corporate including SME and specialised lending	**8,749**	6,863	1,728	3,498	(1,292)	(2,048)
AIRB bank	**903**	251	298	-	-	354
AIRB sovereign	**108**	734	11	-	-	(637)
AIRB consumer retail	**7,921**	2,427	416	6,338	-	(1,260)
Standardised (including other assets, CCP and CVA)	**4,699**	6,416	-	(10)	562	(2,269)
Equity and securitisation exposures	**6**	1,044	-	(188)	-	(850)
Total credit RWA movement	**22,386**	**17,735**	**2,453**	**9,638**	**(730)**	**(6,710)**

(1) Reflects the recording of Corporate exposures at the time of offer instead of at the time of acceptance and change in BEEL methodology on retail defaulted exposures.

5 Credit Risk

5.1 Credit Risk Exposure – Excluding Equities and Securitisation

The following tables detail credit risk exposures subject to Advanced IRB and Standardised approaches.

APS 330 Table 7i – Credit risk exposures by portfolio type and modelling approach

	31 December 2014						
		Off balance sheet					
Portfolio Type	On balance sheet $M	Non-market related $M	Market related $M	Total $M	Average exposure for December 2014 half [1] $M	Change in exposure for December 2014 half [2] $M	%
Subject to advanced IRB approach							
Corporate	53,498	41,140	6,125	**100,763**	94,334	12,859	14. 6
SME corporate	33,516	6,725	587	**40,828**	39,112	3,432	9. 2
SME retail	7,163	2,845	56	**10,064**	10,325	(521)	(4. 9)
SME retail secured by residential mortgage [3]	5,768	1,422	-	**7,190**	7,273	(165)	(2. 2)
Sovereign	68,504	1,371	2,567	**72,442**	68,224	8,437	13. 2
Bank	30,315	3,382	11,380	**45,077**	43,981	2,192	5. 1
Residential mortgage [3]	403,297	72,232	-	**475,529**	468,159	14,741	3. 2
Qualifying revolving retail	10,028	16,808	-	**26,836**	26,616	441	1. 7
Other retail	7,764	2,954	-	**10,718**	10,542	352	3. 4
Total advanced IRB approach	619,853	148,879	20,715	**789,447**	768,563	41,768	5. 6
Specialised lending	44,682	11,696	2,027	**58,405**	57,881	1,049	1. 8
Subject to standardised approach							
Corporate	9,110	2,295	78	**11,483**	11,274	418	3. 8
SME corporate	4,539	815	32	**5,386**	5,096	581	12. 1
SME retail	5,225	337	-	**5,562**	5,380	364	7. 0
Sovereign	310	2	-	**312**	285	54	20. 9
Bank	544	1	-	**545**	531	29	5. 6
Residential mortgage	9,203	1,762	22	**10,987**	10,291	1,393	14. 5
Other retail	2,896	33	1	**2,930**	2,779	302	11. 5
Other assets	10,521	-	-	**10,521**	10,343	356	3. 5
Central counterparties	-	-	8,109	**8,109**	4,990	6,239	large
Total standardised approach	42,348	5,245	8,242	**55,835**	50,967	9,736	21. 1
Total credit exposures [4]	706,883	165,820	30,984	**903,687**	877,411	52,553	6. 2

(1) The simple average of balances as at 31 December 2014 and 30 June 2014.
(2) The difference between exposures as at 31 December 2014 and 30 June 2014.
(3) Advanced RWA for SME retail exposures secured by residential mortgages is calculated using the same method as advanced residential mortgages. From June 2014, unless specified otherwise, the Group will include these exposures under SME retail. Prior to that date, these exposures were included in residential mortgages.
(4) Total credit risk exposures (calculated as EAD) do not include equities or securitisation exposures.

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	**16,654**	Reflects portfolio growth, revised treatment of commitments at offer, and depreciation of the Australian dollar.
AIRB sovereign	**8,437**	Reflects growth in liquidity holdings.
AIRB bank	**2,192**	Reflects growth in portfolio and depreciation of the Australian dollar.
AIRB consumer retail	**15,534**	Reflects revision to regulatory treatments in the application of BEEL, portfolio growth and depreciation of the Australian dollar.
Total advanced and specialised lending	**42,817**	
Standardised including other assets and central counterparties	**9,736**	Reflects portfolio growth and migration of trades to central clearing.
Total excluding securitisation and equity exposures	**52,553**	

APS 330 Table 7i – Credit risk exposures by portfolio type and modelling approach (continued)

	30 June 2014						
		Off balance sheet					
Portfolio Type	On balance sheet $M	Non-market related $M	Market related $M	Total $M	Average exposure for June 2014 half (1) $M	Change in exposure for June 2014 half (2) $M	%
Subject to advanced IRB approach							
Corporate	47,324	36,395	4,185	87,904	85,931	3,947	4. 7
SME corporate	31,210	5,704	482	37,396	37,102	589	1. 6
SME retail	7,365	3,211	9	10,585	9,809	1,552	17. 2
SME retail secured by residential mortgage (3)	6,007	1,348	-	7,355	7,643	(576)	(7. 3)
Sovereign	61,061	1,525	1,419	64,005	65,565	(3,120)	(4. 6)
Bank	27,737	5,575	9,573	42,885	42,812	146	0. 3
Residential mortgage (3)	391,727	69,061	-	460,788	453,742	14,093	3. 2
Qualifying revolving retail	9,733	16,662	-	26,395	24,675	3,441	15. 0
Other retail	7,589	2,777	-	10,366	10,077	574	5. 9
Total advanced IRB approach	589,753	142,258	15,668	747,679	737,356	20,646	2. 8
Specialised lending	44,789	10,811	1,756	57,356	57,031	651	1. 1
Subject to standardised approach							
Corporate	8,906	2,097	62	11,065	11,162	(194)	(1. 7)
SME corporate	4,110	667	28	4,805	5,047	(484)	(9. 2)
SME retail	4,772	426	-	5,198	4,901	595	12. 9
Sovereign	256	2	-	258	249	18	7. 5
Bank	467	47	2	516	581	(129)	(20. 0)
Residential mortgage	8,671	906	17	9,594	9,544	101	1. 1
Other retail	2,594	33	1	2,628	2,590	73	2. 9
Other assets	10,165	-	-	10,165	10,222	(114)	(1. 1)
Central counterparties	-	-	1,870	1,870	1,717	306	19. 6
Total standardised approach	39,941	4,178	1,980	46,099	46,013	172	0. 4
Total credit exposures (4)	674,483	157,247	19,404	851,134	840,400	21,469	2. 6

(1) The simple average of balances as at 30 June 2014 and 31 December 2013.
(2) The difference between exposures as at 30 June 2014 and 31 December 2013.
(3) Advanced RWA for SME retail exposures secured by residential mortgages is calculated using the same method as advanced residential mortgages. From June 2014, unless specified otherwise, the Group will include these exposures under SME retail. Prior to that date, these exposures were included in residential mortgages.
(4) Total credit risk exposures (calculated as EAD) do not include equities or securitisation exposures.

APS 330 Table 7i – Credit risk exposures by portfolio type and modelling approach (continued)

Portfolio Type	On balance sheet $M	Off balance sheet: Non-market related $M	Off balance sheet: Market related $M	Total $M	Average exposure for December 2013 half [1] $M	Change in exposure for December 2013 half [2] $M	Change in exposure for December 2013 half [2] %
	31 December 2013						
Subject to advanced IRB approach							
Corporate	45,503	34,099	4,355	83,957	86,248	(4,582)	(5. 2)
SME corporate	30,847	5,314	646	36,807	42,232	(10,850)	(22. 8)
SME retail	7,201	1,817	15	9,033	8,560	947	11. 7
SME retail secured by residential mortgage [3]	6,379	1,552	-	7,931	7,221	1,420	21. 8
Sovereign	62,451	2,988	1,686	67,125	62,043	10,165	17. 8
Bank	26,625	5,431	10,683	42,739	42,750	(22)	(0. 1)
Residential mortgage [3]	378,767	67,928	-	446,695	437,909	17,571	4. 1
Qualifying revolving retail	9,661	13,293	-	22,954	22,729	450	2. 0
Other retail	7,246	2,546	-	9,792	9,464	656	7. 2
Total advanced IRB approach	574,680	134,968	17,385	727,033	719,156	15,755	2. 2
Specialised lending	44,935	10,016	1,754	56,705	56,863	(315)	(0. 6)
Subject to standardised approach							
Corporate	9,253	1,949	57	11,259	7,569	7,381	large
SME corporate	4,744	516	29	5,289	2,916	4,747	large
SME retail	4,313	290	-	4,603	5,051	(896)	(16. 3)
Sovereign	239	1	-	240	385	(290)	(54. 7)
Bank	588	44	13	645	536	217	50. 7
Residential mortgage	8,575	900	18	9,493	7,366	4,255	81. 2
Other retail	2,521	33	1	2,555	2,426	258	11. 2
Other assets	10,279	-	-	10,279	9,811	933	10. 0
Central counterparties	-	-	1,564	1,564	782	1,564	large
Total standardised approach	40,512	3,733	1,682	45,927	36,842	18,169	65. 5
Total credit exposures [4]	660,127	148,717	20,821	829,665	812,861	33,609	4. 2

(1) The simple average of balances as at 31 December 2013 and 30 June 2013.
(2) The difference between exposures as at 31 December 2013 and 30 June 2013.
(3) Advanced RWA for SME retail exposures secured by residential mortgages is calculated using the same method as advanced residential mortgages. From June 2014, unless specified otherwise, the Group will include these exposures under SME retail. Prior to that date, these exposures were included in residential mortgages.
(4) Total credit risk exposures (calculated as EAD) do not include equities or securitisation exposures.

APS 330 Table 7b – Credit risk exposure by portfolio type

Portfolio Type	As at 31 Dec 14 $M	Half year average (1) $M
Corporate	**112,246**	105,608
SME corporate	**46,214**	44,208
SME retail	**15,626**	15,705
SME retail secured by residential mortgage	**7,190**	7,273
Sovereign	**72,754**	68,509
Bank	**45,622**	44,512
Residential mortgage (2)	**486,516**	478,449
Qualifying revolving retail	**26,836**	26,616
Other retail	**13,648**	13,321
Specialised lending	**58,405**	57,881
Other assets	**10,521**	10,343
Central counterparties	**8,109**	4,990
Total credit exposures (3)	**903,687**	877,411

Portfolio Type	As at 30 Jun 14 $M	Half year average (1) $M
Corporate	98,969	97,093
SME corporate	42,201	42,149
SME retail	15,783	14,710
SME retail secured by residential mortgage	7,355	7,643
Sovereign	64,263	65,814
Bank	43,401	43,393
Residential mortgage (2)	470,382	463,286
Qualifying revolving retail	26,395	24,675
Other retail	12,994	12,667
Specialised lending	57,356	57,031
Other assets	10,165	10,222
Cental counterparties	1,870	1,717
Total credit exposures (3)	851,134	840,400

Portfolio Type	As at 31 Dec 13 $M	Half year average (1) $M
Corporate	95,216	93,817
SME corporate	42,096	45,148
SME retail	13,636	13,611
SME retail secured by residential mortgage	7,931	7,221
Sovereign	67,365	62,428
Bank	43,384	43,286
Residential mortgage (2)	456,188	445,275
Qualifying revolving retail	22,954	22,729
Other retail	12,347	11,890
Specialised lending	56,705	56,863
Other assets	10,279	9,811
Central counterparties	1,564	782
Total credit exposures (3)	829,665	812,861

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

APS 330 Table 7c – Credit risk exposure by portfolio type and geographic distribution

	31 December 2014 [1]			
Portfolio Type	Australia $M	New Zealand $M	Other $M	Total $M
Corporate	73,908	6,887	31,451	**112,246**
SME corporate	33,915	11,622	677	**46,214**
SME retail [2]	19,909	1,953	954	**22,816**
Sovereign	42,715	2,458	27,581	**72,754**
Bank	20,869	1,805	22,948	**45,622**
Residential mortgage	439,479	46,793	244	**486,516**
Qualifying revolving retail	26,834	2	-	**26,836**
Other retail	10,767	2,602	279	**13,648**
Specialised lending	42,546	6,541	9,318	**58,405**
Other assets	8,184	455	1,882	**10,521**
Central counterparties	52	-	8,057	**8,109**
Total credit exposures [3]	719,178	81,118	103,391	**903,687**

	30 June 2014 [1]			
Portfolio Type	Australia $M	New Zealand $M	Other $M	Total $M
Corporate	67,377	6,492	25,100	98,969
SME corporate	31,249	10,532	420	42,201
SME retail [2]	20,913	1,966	259	23,138
Sovereign	40,904	2,099	21,260	64,263
Bank	19,579	1,532	22,290	43,401
Residential mortgage	425,680	44,506	196	470,382
Qualifying revolving retail	26,395	-	-	26,395
Other retail	10,593	2,385	16	12,994
Specialised lending	44,805	5,564	6,987	57,356
Other assets	7,588	925	1,652	10,165
Central counterparties	43	-	1,827	1,870
Total credit exposures [3]	695,126	76,001	80,007	851,134

	31 December 2013 [1]			
Portfolio Type	Australia $M	New Zealand $M	Other $M	Total $M
Corporate	64,475	6,246	24,495	95,216
SME corporate	31,618	9,693	785	42,096
SME retail	11,710	1,898	28	13,636
Sovereign	39,922	2,739	24,704	67,365
Bank	19,290	1,477	22,617	43,384
Residential mortgage [2]	420,231	43,402	486	464,119
Qualifying revolving retail	22,954	-	-	22,954
Other retail	10,086	2,246	15	12,347
Specialised lending	44,179	5,472	7,054	56,705
Other assets	9,366	584	329	10,279
Central counterparties	13	-	1,551	1,564
Total credit exposures [3]	673,844	73,757	82,064	829,665

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

APS 330 Table 7d – Credit risk exposure by portfolio type and industry sector

	31 December 2014							
	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	-	-	2,123	-	-	17,119	2,017	12,988
SME corporate	-	486	3,168	-	-	2,150	13,128	275
SME retail [(2)]	-	673	3,531	-	-	540	1,852	73
Sovereign	-	-	-	72,754	-	-	-	-
Bank	-	-	-	-	45,622	-	-	-
Residential mortgage	483,194	-	-	-	-	106	253	10
Qualifying revolving retail	-	26,836	-	-	-	-	-	-
Other retail	-	13,648	-	-	-	-	-	-
Specialised lending	-	-	10	-	-	391	241	3,369
Other assets	-	3,230	-	-	-	-	-	-
Central counterparties	-	-	-	-	-	8,109	-	-
Total credit exposures [(1)]	483,194	44,873	8,832	72,754	45,622	28,415	17,491	16,715

	Industry Sector							
Portfolio Type	Manufacturing $M	Energy $M	Construction $M	Retail/ wholesale trade $M	Transport and storage $M	Property [(3)] $M	Other $M	Total $M
Corporate	11,677	6,647	2,913	12,190	10,206	14,216	20,150	**112,246**
SME corporate	2,595	112	2,561	6,060	1,233	1,134	13,312	**46,214**
SME retail [(2)]	980	33	1,345	2,626	478	2,635	8,050	**22,816**
Sovereign	-	-	-	-	-	-	-	**72,754**
Bank	-	-	-	-	-	-	-	**45,622**
Residential mortgage	139	-	210	601	103	1,216	684	**486,516**
Qualifying revolving retail	-	-	-	-	-	-	-	**26,836**
Other retail	-	-	-	-	-	-	-	**13,648**
Specialised lending	15	1,798	1,258	153	7,066	38,793	5,311	**58,405**
Other assets	-	-	-	-	-	-	7,291	**10,521**
Central counterparties	-	-	-	-	-	-	-	**8,109**
Total credit exposures [(1)]	15,406	8,590	8,287	21,630	19,086	57,994	54,798	**903,687**

(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 7d – Credit risk exposure by portfolio type and industry sector (continued)

	30 June 2014							
	Industry Sector							
	Residential mortgage	Other personal	Asset finance	Sovereign	Bank	Other finance	Agriculture	Mining
Portfolio Type	$M	$M	$M	$M	$M	$M	$M	$M
Corporate	-	-	1,785	-	-	13,329	1,872	8,651
SME corporate	-	570	3,056	-	-	1,807	12,744	282
SME retail [(2)]	-	773	3,479	-	-	536	2,091	68
Sovereign	-	-	-	64,263	-	-	-	-
Bank	-	-	-	-	43,401	-	-	-
Residential mortgage	466,859	-	-	-	-	104	327	24
Qualifying revolving retail	-	26,395	-	-	-	-	-	-
Other retail	-	12,994	-	-	-	-	-	-
Specialised lending	-	-	11	-	-	307	384	3,223
Other assets	-	3,277	-	-	-	-	-	-
Central counterparties	-	-	-	-	-	1,870	-	-
Total credit exposures [(1)]	466,859	44,009	8,331	64,263	43,401	17,953	17,418	12,248

	Industry Sector							
	Manufacturing	Energy	Construction	Retail/ wholesale trade	Transport and storage	Property [(3)]	Other	Total
Portfolio Type	$M	$M	$M	$M	$M	$M	$M	$M
Corporate	11,900	5,863	1,930	10,370	10,565	15,105	17,599	98,969
SME corporate	2,567	76	1,881	5,456	1,255	538	11,969	42,201
SME retail [(2)]	739	32	1,325	2,389	466	2,750	8,490	23,138
Sovereign	-	-	-	-	-	-	-	64,263
Bank	-	-	-	-	-	-	-	43,401
Residential mortgage	166	1	275	626	79	1,265	656	470,382
Qualifying revolving retail	-	-	-	-	-	-	-	26,395
Other retail	-	-	-	-	-	-	-	12,994
Specialised lending	99	2,111	1,589	453	6,294	37,701	5,184	57,356
Other assets	-	-	-	-	-	-	6,888	10,165
Central counterparties	-	-	-	-	-	-	-	1,870
Total credit exposures [(1)]	15,471	8,083	7,000	19,294	18,659	57,359	50,786	851,134

(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 7d – Credit risk exposure by portfolio type and industry sector (continued)

	31 December 2013							
	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	-	-	1,568	-	-	13,461	1,776	8,531
SME corporate	-	724	2,926	-	-	2,191	12,339	281
SME retail	-	861	3,339	-	-	271	1,764	38
Sovereign	-	-	-	67,365	-	-	-	-
Bank	-	-	-	-	43,384	-	-	-
Residential mortgage (2)	452,710	-	-	-	-	371	692	45
Qualifying revolving retail	-	22,954	-	-	-	-	-	-
Other retail	-	12,347	-	-	-	-	-	-
Specialised lending	-	-	5	-	-	353	274	3,824
Other assets	-	3,185	-	-	-	-	-	-
Central counterparties	-	-	-	-	-	1,564	-	-
Total credit exposures (1)	452,710	40,071	7,838	67,365	43,384	18,211	16,845	12,719

	Industry Sector							
Portfolio Type	Manufacturing $M	Energy $M	Construction $M	Retail/ wholesale trade $M	Transport and storage $M	Property (3) $M	Other $M	Total $M
Corporate	11,939	4,664	1,723	10,412	10,154	13,532	17,456	95,216
SME corporate	2,546	28	1,766	5,306	1,311	601	12,077	42,096
SME retail	426	15	632	1,159	223	1,660	3,248	13,636
Sovereign	-	-	-	-	-	-	-	67,365
Bank	-	-	-	-	-	-	-	43,384
Residential mortgage (2)	498	17	1,053	1,774	362	1,749	4,848	464,119
Qualifying revolving retail	-	-	-	-	-	-	-	22,954
Other retail	-	-	-	-	-	-	-	12,347
Specialised lending	172	2,087	1,505	269	6,745	36,677	4,794	56,705
Other assets	-	-	-	-	-	-	7,094	10,279
Central counterparties	-	-	-	-	-	-	-	1,564
Total credit exposures (1)	15,581	6,811	6,679	18,920	18,795	54,219	49,517	829,665

(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 7e – Credit risk exposure by portfolio type and contractual maturity

Portfolio Type	31 December 2014				
	≤ 12mths	1 ≤ 5yrs	> 5 years	No specified maturity	Total
	$M	$M	$M	$M	$M
Corporate	18,141	86,398	6,849	858	**112,246**
SME corporate	8,975	27,855	9,384	-	**46,214**
SME retail [(1)]	4,357	13,014	5,445	-	**22,816**
Sovereign	28,202	27,123	17,429	-	**72,754**
Bank	19,903	25,674	45	-	**45,622**
Residential mortgage	16,562	13,205	400,288	56,461	**486,516**
Qualifying revolving retail	-	-	-	26,836	**26,836**
Other retail	97	5,028	3,567	4,956	**13,648**
Specialised lending	14,043	37,660	6,599	103	**58,405**
Other assets	3,249	712	459	6,101	**10,521**
Central counterparties	1,191	6,872	46	-	**8,109**
Total credit exposures [(2)]	114,720	243,541	450,111	95,315	**903,687**

Portfolio Type	30 June 2014				
	≤ 12mths	1 ≤ 5yrs	> 5 years	No specified maturity	Total
	$M	$M	$M	$M	$M
Corporate	13,416	79,203	4,714	1,636	98,969
SME corporate	7,010	26,228	8,815	148	42,201
SME retail [(1)]	4,485	10,713	7,940	-	23,138
Sovereign	24,847	22,752	16,408	256	64,263
Bank	19,647	23,149	131	474	43,401
Residential mortgage	15,729	10,874	387,802	55,977	470,382
Qualifying revolving retail	-	-	-	26,395	26,395
Other retail	55	4,539	3,612	4,788	12,994
Specialised lending	14,600	38,123	4,633	-	57,356
Other assets	3,287	345	637	5,896	10,165
Central counterparties	611	1,196	63	-	1,870
Total credit exposures [(2)]	103,687	217,122	434,755	95,570	851,134

Portfolio Type	31 December 2013				
	≤ 12mths	1 ≤ 5yrs	> 5 years	No specified maturity	Total
	$M	$M	$M	$M	$M
Corporate	13,852	75,565	4,211	1,588	95,216
SME corporate	6,863	26,314	8,596	323	42,096
SME retail	1,945	7,801	3,741	149	13,636
Sovereign	25,643	23,685	17,798	239	67,365
Bank	17,759	25,003	35	587	43,384
Residential mortgage [(1)]	14,619	10,286	383,396	55,818	464,119
Qualifying revolving retail	-	-	-	22,954	22,954
Other retail	134	4,338	3,419	4,456	12,347
Specialised lending	13,983	38,207	4,515	-	56,705
Other assets	3,248	745	710	5,576	10,279
Central counterparties	614	930	20	-	1,564
Total credit exposures [(2)]	98,660	212,874	426,441	91,690	829,665

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

5.2 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, 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, APS 220 based credit provisions and APS 330 Table 7j – General reserve for credit losses

	31 December 2014		
	General reserve for credit losses [1] $M	Specific provision [1] $M	Total provisions $M
Collective provision [2]	2,613	150	2,763
Individual provisions [2]	-	1,116	1,116
Total provisions	2,613	1,266	3,879
Additional GRCL requirement [3]	321	-	321
Total regulatory provisions	2,934	1,266	4,200

(1) Provisions classified according to APS 220 "Credit Quality".
(2) Provisions as reported in financial accounts according to the Australian Accounting Standards.
(3) The Group has recognised an after tax deduction from CET1 of $225 million in order to maintain the required minimum GRCL.

	30 June 2014		
	General reserve for credit losses [1] $M	Specific provision [1] $M	Total provisions $M
Collective provision [2]	2,614	165	2,779
Individual provisions [2]	-	1,127	1,127
Total provisions	2,614	1,292	3,906
Additional GRCL requirement [3]	305	-	305
Total regulatory provisions	2,919	1,292	4,211

(1) Provisions classified according to APS 220 "Credit Quality".
(2) Provisions as reported in financial accounts according to the Australian Accounting Standards.
(3) The Group has recognised an after tax deduction from CET 1 of $214 million in order to maintain the required minimum GRCL.

	31 December 2013		
	General reserve for credit losses [1] $M	Specific provision [1] $M	Total provisions $M
Collective provision [2]	2,722	148	2,870
Individual provisions [2]	-	1,416	1,416
Total provisions	2,722	1,564	4,286
Additional GRCL requirement [3]	283	-	283
Total regulatory provisions	3,005	1,564	4,569

(1) Provisions classified according to APS 220 "Credit Quality".
(2) Provisions as reported in financial accounts according to the Australian Accounting Standards.
(3) The Group has recognised an after tax deduction from CET 1 of $198 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 7f (i) – Impaired, past due, specific provisions and write-offs charged by industry sector

	31 December 2014				
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	905	1,583	176	27	36
Other personal	254	28	138	(1)	292
Asset finance	106	3	36	28	23
Sovereign	-	-	-	-	-
Bank	10	-	10	-	-
Other finance	79	20	76	11	(1)
Agriculture	631	67	171	66	24
Mining	118	6	41	14	-
Manufacturing	125	30	73	(9)	37
Energy	32	-	7	-	(1)
Construction	42	36	30	6	5
Wholesale/retail trade	95	73	61	7	20
Transport and storage	74	26	5	1	(3)
Property	318	131	208	8	26
Other	571	148	234	18	56
Total	3,360	2,151	1,266	176	514

(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 2014.

	30 June 2014				
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	898	1,620	186	28	64
Other personal	272	32	153	(1)	299
Asset finance	87	1	32	11	20
Sovereign	-	-	-	-	-
Bank	10	-	10	(2)	1
Other finance	97	33	73	(36)	86
Agriculture	408	87	126	53	99
Mining	150	8	29	25	-
Manufacturing	173	42	115	72	17
Energy	17	1	6	-	-
Construction	51	58	30	3	15
Wholesale/retail trade	120	96	67	12	19
Transport and storage	72	16	8	22	25
Property	373	127	213	-	146
Other	639	232	244	55	100
Total	3,367	2,353	1,292	242	891

(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 2014.

APS 330 Table 7f (i) – Impaired, past due, specific provisions and write-offs charged by industry sector (continued)

	31 December 2013				
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	1,065	1,608	213	41	57
Other personal	245	31	137	-	294
Asset finance	79	3	42	33	12
Sovereign	-	-	-	-	-
Bank	15	-	13	-	10
Other finance	228	50	193	5	16
Agriculture	544	125	164	12	39
Mining	125	5	5	12	9
Manufacturing	68	52	58	30	12
Energy	18	1	7	(16)	6
Construction	68	91	40	(6)	37
Wholesale/retail trade	125	149	71	16	67
Transport and storage	23	21	11	9	(1)
Property	550	169	340	7	110
Other	786	307	270	36	89
Total	3,939	2,612	1,564	179	757

(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 2013.

APS 330 Table 7f (ii) – Impaired, past due, specific provisions and write-offs charged by portfolio

	31 December 2014				
Portfolio	**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, specialised lending and central counterparties	2,191	540	942	150	186
Sovereign	-	-	-	-	-
Bank	10	-	10	-	-
Residential mortgage	905	1,583	176	27	36
Qualifying revolving retail	105	-	53	-	129
Other retail	149	28	85	(1)	163
Total	3,360	2,151	1,266	176	514

(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 2014.

	30 June 2014				
Portfolio	**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	2,187	701	943	217	527
Sovereign	-	-	-	-	-
Bank	10	-	10	(2)	1
Residential mortgage	898	1,620	186	28	64
Qualifying revolving retail	109	-	56	-	133
Other retail	163	32	97	(1)	166
Total	3,367	2,353	1,292	242	891

(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 2014.

	31 December 2013				
Portfolio	**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	2,614	973	1,201	138	396
Sovereign	-	-	-	-	-
Bank	15	-	13	-	10
Residential mortgage	1,065	1,608	213	41	57
Qualifying revolving retail	100	-	51	-	138
Other retail	145	31	86	-	156
Total	3,939	2,612	1,564	179	757

(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 2013.

APS 330 Table 7g (i) – Impaired, past due and specific provisions by geographic region

Geographic Region (1)	31 December 2014 Impaired assets $M	 Past due loans ≥ 90 days $M	 Specific provision balance $M
Australia	2,791	2,040	1,139
New Zealand	431	98	80
Other	138	13	47
Total	3,360	2,151	1,266

Geographic Region (1)	30 June 2014 Impaired assets $M	 Past due loans ≥ 90 days $M	 Specific provision balance $M
Australia	2,731	2,233	1,172
New Zealand	436	108	72
Other	200	12	48
Total	3,367	2,353	1,292

Geographic Region (1)	31 December 2013 Impaired assets $M	 Past due loans ≥ 90 days $M	 Specific provision balance $M
Australia	3,227	2,498	1,478
New Zealand	469	103	47
Other	243	11	39
Total	3,939	2,612	1,564

(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.

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

APS 330 Table 7g (ii) – GRCL by geographic region

Geographic Region	31 Dec 14 $M	30 Jun 14 $M	31 Dec 13 $M
Australia	**2,573**	2,632	2,679
New Zealand	**198**	156	160
Other	**163**	131	166
Total GRCL	**2,934**	2,919	3,005

APS 330 Table 7h (i) – Movement in collective and other provisions

	Half Year Ended		
	31 Dec 14	30 Jun 14	31 Dec 13
Movement in Collective Provisions	$M	$M	$M
Opening balance	**2,779**	2,870	2,858
Net charge against profit and loss	**264**	219	278
Recoveries	**98**	74	91
Other	**5**	-	12
Write-offs	**(383)**	(384)	(369)
Total collective provisions	**2,763**	2,779	2,870
Less collective provisions transferred to specific provisions	**(150)**	(165)	(148)
Additional GRCL requirement (1)	**321**	305	283
General reserve for credit losses	**2,934**	2,919	3,005

(1) The Group has recognised an after tax deduction from CET1 of $225 million for 31 December 2014 (30 June 2014: $214 million; 31 December 2013: $198 million) in order to maintain the required minimum GRCL.

APS 330 Table 7h (ii) – Movement in individual provisions

	Half Year Ended		
	31 Dec 14	30 Jun 14	31 Dec 13
Movement in Individual Provisions	$M	$M	$M
Opening balance for the period	**1,127**	1,416	1,628
Net new and increased provisioning	**297**	390	336
Net write back of provisions no longer required	**(121)**	(148)	(157)
Discount unwind to interest income	**(18)**	(21)	(30)
Other	**60**	71	118
Write-offs	**(229)**	(581)	(479)
Individual provisions	**1,116**	1,127	1,416
Add collective provisions transferred to specific provisions	**150**	165	148
Specific provisions	**1,266**	1,292	1,564

5.3 Portfolios Subject to Standardised and Supervisory Risk-Weights

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;
- Some branches (China, India and Vietnam); and
- Central counterparties.

Bankwest Division:

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

ASB Bank Limited:

- Personal Loans and Retail SME

All exposures in the following entities:

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

APS 330 Table 8b – Exposures subject to standardised and supervisory risk-weights

	Exposure After Risk Mitigation (1)		
	31 Dec 14	30 Jun 14	31 Dec 13
Standardised Approach Exposures	$M	$M	$M
Risk weight			
0%	**2,999**	2,284	2,797
20%	**3,783**	4,948	4,030
35%	**4,884**	3,463	3,154
50%	**3,565**	3,208	3,207
75%	**312**	317	327
100%	**31,828**	29,560	30,452
150%	**323**	416	372
> 150%	**-**	-	-
Capital deductions	**-**	-	-
Total	**47,694**	44,196	44,339

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

APS 330 Table 8b – Exposures subject to standardised and supervisory risk-weights (continued)

Other Assets [1]	31 December 2014 Exposure $M	Risk weight %	RWA $M
Cash	2,788	-	-
Cash items in course of collection	966	20	193
Margin lending [2]	3,231	38	1,217
Fixed assets	1,282	100	1,282
Other	2,152	≥100	2,156
Total	10,419	47	4,848

Other Assets [1]	30 June 2014 Exposure $M	Risk weight %	RWA $M
Cash	2,209	-	-
Cash items in course of collection	1,400	20	280
Margin lending	3,277	20	655
Fixed assets	1,309	100	1,309
Other	1,970	≥100	1,970
Total	10,165	41	4,214

Other Assets [1]	31 December 2013 Exposure $M	Risk weight %	RWA $M
Cash	2,772	-	-
Cash items in course of collection	477	20	95
Margin lending	3,185	20	637
Fixed assets	1,358	100	1,358
Other	2,487	≥100	2,496
Total	10,279	45	4,586

(1) Other Assets are included in Standardised Approach Exposures table above.
(2) Margin lending against listed instruments are risk weighted at 20%. Other unlisted instruments are risk weighted at 100%.

Specialised Lending Exposures Subject to Supervisory Slotting [1]	31 Dec 14 $M	30 Jun 14 $M	31 Dec 13 $M
Risk Weight			
0%	**669**	620	586
70%	**24,726**	22,548	23,278
90%	**27,494**	27,883	25,745
115%	**5,237**	5,708	6,437
250%	**279**	597	659
Total exposures	**58,405**	57,356	56,705

(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.

5.4 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 9b.

APS 330 Table 9b – Internal ratings structure for credit risk exposures

Description	Internal Rating	Probability of Default
Exceptional	A0, A1, A2, A3	0% - 0.038%
Strong	B1, B2, B3, C1, C2, C3	>0.038% - 0.453%
Pass	D1, D2, D3, E1, E2, E3	>0.453% - 5.924%
Weak/doubtful	F1, F2, F3, G1, G2, G3	> 5.924%
Restructured/default	R, H	21.22%, 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 9c – PD rating methodology by portfolio segment

Portfolio Segment	PD Rating Methodology
Bank and sovereign exposures	Expert judgement assigned risk rating, informed but not driven by rating agency views.
Large corporate exposures	Combination of Expert Judgement and PD Rating Tool assigned risk ratings depending on the industry sector.
Middle market and local business banking exposures	PD Rating Tool(s) and Expert Judgement assigned risk rating.
SME retail exposures < $1m	SME Behaviour Score assigned PD pools.
Consumer retail exposures	Depending on the product, PD pools are assigned using product specific Application Scorecards, Behavioural Scorecards, payment status or a combination of these.

Credit Risk Exposure Subject to the Advanced IRB Approach

APS 330 Table 9d (i) – Non-Retail exposures by portfolio type and PD band

	31 December 2014							
	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 $M
Total credit risk exposures								
Corporate	-	33,762	42,840	22,744	274	272	871	**100,763**
SME corporate	-	791	3,854	32,211	2,043	882	1,047	**40,828**
SME retail (2)	-	-	3,071	10,320	3,255	360	248	**17,254**
Sovereign	65,347	5,802	1,058	235	-	-	-	**72,442**
Bank	-	42,222	1,825	906	-	-	124	**45,077**
Total	65,347	82,577	52,648	66,416	5,572	1,514	2,290	**276,364**
Undrawn commitments (3)								
Corporate	-	14,356	18,909	7,718	69	48	40	**41,140**
SME corporate	-	187	903	5,268	219	90	58	**6,725**
SME retail (2)	-	-	1,287	2,533	409	21	17	**4,267**
Sovereign	835	199	233	104	-	-	-	**1,371**
Bank	-	2,490	405	487	-	-	-	**3,382**
Total	835	17,232	21,737	16,110	697	159	115	**56,885**
Exposure - weighted average EAD ($M)								
Corporate	-	1. 557	2. 466	0. 787	0. 636	0. 284	2. 531	**1. 772**
SME corporate	-	0. 477	0. 249	0. 173	0. 239	0. 194	0. 330	**0. 194**
SME retail (2)	-	-	0. 012	0. 029	0. 022	0. 018	0. 033	**0. 024**
Sovereign	7. 075	5. 569	0. 142	0. 001	-	-	-	**6. 830**
Bank	-	9. 970	2. 825	1. 121	0. 024	-	62. 097	**9. 646**
Exposure - weighted average LGD (%)								
Corporate	-	56. 3	56. 3	47. 0	42. 8	40. 9	43. 7	**54. 0**
SME corporate	-	59. 6	36. 0	29. 8	29. 4	32. 9	37. 8	**31. 2**
SME retail (2)	-	-	31. 4	33. 8	31. 5	39. 1	35. 1	**33. 1**
Sovereign	26. 3	58. 5	57. 5	56. 1	61. 3	58. 9	-	**29. 5**
Bank	-	60. 4	60. 3	59. 6	57. 8	-	61. 3	**60. 4**
Exposure - weighted average risk weight (%)								
Corporate	-	26. 6	62. 9	85. 7	145. 6	194. 2	35. 7	**56. 3**
SME corporate	-	23. 3	36. 2	53. 6	75. 7	139. 2	219. 3	**58. 6**
SME retail (2)	-	-	16. 6	42. 3	65. 0	107. 2	353. 8	**47. 8**
Sovereign	6. 0	11. 8	54. 1	98. 2	195. 0	252. 0	-	**7. 5**
Bank	-	21. 8	56. 2	80. 8	164. 1	-	-	**24. 4**

(1) Total credit risk exposures do not include specialised lending, equity or securitisation exposures.
(2) Including SME retail secured by residential property.
(3) The credit exposure value of undrawn commitments included in Total Credit Risk Exposures above.

APS 330 Table 9d (i) – Non-Retail exposures by portfolio type and PD band (continued)

	30 June 2014							
	PD Grade							
	0 < 0.03%	0.03% < 0.15%	0.15% < 0.5%	0.5% < 3%	3% < 10%	10% < 100%	Default	Total
Non Retail [1]	$M	$M	$M	$M	$M	$M	$M	$M
Total credit risk exposure								
Corporate	-	29,309	37,841	19,350	195	576	633	87,904
SME corporate	-	549	3,374	29,754	1,785	967	967	37,396
SME retail [2]	-	-	2,973	10,610	3,675	419	263	17,940
Sovereign	57,793	4,815	938	459	-	-	-	64,005
Bank	-	40,050	2,200	510	-	-	125	42,885
Total	57,793	74,723	47,326	60,683	5,655	1,962	1,988	250,130
Undrawn commitments [3]								
Corporate	-	13,680	16,284	6,248	55	98	30	36,395
SME corporate	-	133	756	4,471	178	113	53	5,704
SME retail [2]	-	-	1,217	2,863	450	16	13	4,559
Sovereign	932	208	314	71	-	-	-	1,525
Bank	-	4,455	692	428	-	-	-	5,575
Total	932	18,476	19,263	14,081	683	227	96	53,758
Exposure - weighted average EAD ($M)								
Corporate	-	2. 294	2. 061	0. 605	0. 649	0. 383	1. 501	1. 800
SME corporate	-	0. 312	0. 195	0. 187	0. 199	0. 197	0. 253	0. 192
SME retail [2]	-	-	0. 011	0. 025	0. 022	0. 024	0. 041	0. 022
Sovereign	7. 415	4. 777	0. 127	0. 002	-	-	-	7. 057
Bank	-	7. 878	3. 812	1. 338	0. 027	-	31. 156	7. 659
Exposure - weighted average LGD (%)								
Corporate	-	57. 0	56. 0	47. 2	41. 8	46. 2	50. 7	54. 3
SME corporate	-	56. 8	32. 8	30. 6	29. 1	35. 8	34. 3	31. 4
SME retail [2]	-	-	31. 9	33. 5	32. 2	40. 9	36. 4	33. 2
Sovereign	27. 4	57. 7	56. 4	57. 7	58. 9	58. 9	-	30. 3
Bank	-	60. 6	60. 6	59. 0	29. 1	-	61. 3	60. 6
Exposure - weighted average risk weight (%)								
Corporate	-	25. 9	62. 2	83. 0	147. 3	228. 1	43. 4	55. 8
SME corporate	-	21. 2	35. 5	54. 5	75. 0	150. 3	223. 2	60. 1
SME retail [2]	-	-	16. 9	41. 8	66. 7	107. 4	372. 8	49. 2
Sovereign	6. 8	10. 6	49. 3	93. 5	167. 4	252. 0	-	8. 3
Bank	-	21. 3	54. 1	82. 6	82. 6	-	-	23. 6

(1) Total credit risk exposures do not include specialised lending, equity or securitisation exposures.
(2) Including SME retail secured by residential property.
(3) The credit exposure value of undrawn commitments included in Total Credit Risk Exposures above.

APS 330 Table 9d (i) – Non-Retail exposures by portfolio type and PD band (continued)

	31 December 2013							
	PD Grade							
	0 < 0.03%	0.03% < 0.15%	0.15% < 0.5%	0.5% < 3%	3% < 10%	10% < 100%	Default	Total
Non Retail [1]	$M	$M	$M	$M	$M	$M	$M	$M
Total credit risk exposure								
Corporate	-	27,136	36,564	18,612	308	707	630	83,957
SME corporate	-	671	2,984	29,457	1,767	1,031	897	36,807
SME retail	-	-	1,313	5,440	1,572	549	159	9,033
Sovereign	63,832	904	608	1,767	9	5	-	67,125
Bank	-	39,749	2,231	600	-	-	159	42,739
Total	63,832	68,460	43,700	55,876	3,656	2,292	1,845	239,661
Undrawn commitments [2]								
Corporate	-	11,884	16,404	5,530	143	103	35	34,099
SME corporate	-	84	691	4,242	182	90	25	5,314
SME retail	-	-	727	827	223	29	11	1,817
Sovereign	1,076	92	416	1,390	9	5	-	2,988
Bank	-	4,088	766	577	-	-	-	5,431
Total	1,076	16,148	19,004	12,566	557	227	71	49,649
Exposure - weighted average EAD ($M)								
Corporate	-	2. 266	2. 037	0. 229	0. 792	0. 348	2. 188	1. 693
SME corporate	-	0. 403	0. 190	0. 125	0. 195	0. 270	0. 119	0. 143
SME retail	-	-	0. 010	0. 015	0. 018	0. 034	0. 106	0. 018
Sovereign	7. 541	1. 272	0. 178	0. 016	0. 030	0. 042	-	7. 190
Bank	-	12. 964	4. 071	1. 184	-	-	19. 913	12. 360
Exposure - weighted average LGD (%)								
Corporate	-	57. 3	56. 0	47. 6	51. 5	48. 9	51. 2	54. 4
SME corporate	-	60. 7	30. 5	31. 4	28. 9	36. 3	35. 5	32. 0
SME retail	-	-	34. 1	41. 9	30. 8	38. 0	42. 1	38. 6
Sovereign	25. 2	41. 7	44. 5	18. 9	5. 0	5. 1	-	25. 4
Bank	-	61. 2	60. 5	61. 1	-	-	61. 3	61. 2
Exposure - weighted average risk weight (%)								
Corporate	-	27. 0	61. 7	85. 7	145. 6	239. 0	63. 3	57. 6
SME corporate	-	21. 9	32. 5	56. 9	72. 2	150. 7	244. 8	62. 2
SME retail	-	-	18. 0	49. 2	44. 1	77. 5	427. 7	52. 2
Sovereign	4. 7	19. 1	36. 3	34. 6	15. 6	24. 3	-	6. 0
Bank	-	20. 7	59. 7	88. 0	-	-	-	23. 6

(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.

APS 330 Table 9d (ii) – Retail exposures by portfolio type and PD band

	31 December 2014							
	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	$M
Total credit risk exposures								
Residential mortgage	141,596	121,022	82,892	113,741	4,880	8,590	2,808	**475,529**
Qualifying revolving retail	13,904	8	3,644	5,559	2,982	595	144	**26,836**
Other retail	62	47	292	8,060	1,540	608	109	**10,718**
Total	155,562	121,077	86,828	127,360	9,402	9,793	3,061	**513,083**
Undrawn commitments [1]								
Residential mortgage	53,971	7,365	4,404	6,341	91	42	18	**72,232**
Qualifying revolving retail	10,953	7	2,693	2,448	589	115	3	**16,808**
Other retail	59	41	267	2,298	255	31	3	**2,954**
Total	64,983	7,413	7,364	11,087	935	188	24	**91,994**
Exposure - weighted average EAD ($M)								
Residential mortgage	0. 227	0. 263	0. 227	0. 215	0. 202	0. 241	0. 250	**0. 233**
Qualifying revolving retail	0. 010	0. 010	0. 008	0. 009	0. 009	0. 007	0. 008	**0. 009**
Other retail	0. 004	0. 004	0. 002	0. 009	0. 003	0. 005	0. 005	**0. 008**
Exposure - weighted average LGD (%)								
Residential mortgage	20. 0	20. 1	20. 3	21. 1	21. 3	20. 2	20. 4	**20. 4**
Qualifying revolving retail	88. 0	88. 0	88. 0	88. 0	88. 0	88. 0	88. 0	**88. 0**
Other retail	94. 3	94. 2	94. 6	96. 9	97. 8	98. 9	97. 9	**97. 1**
Exposure - weighted average risk weight (%)								
Residential mortgage	2. 9	9. 2	14. 4	24. 4	74. 0	99. 8	183. 2	**15. 2**
Qualifying revolving retail	3. 9	7. 8	15. 1	38. 7	121. 2	207. 5	300. 2	**31. 8**
Other retail	17. 9	48. 7	59. 7	118. 0	147. 5	195. 4	404. 3	**127. 1**

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

APS 330 Table 9d (ii) – Retail exposures by portfolio type and PD band (continued)

	30 June 2014							
	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	$M
Total credit risk exposures								
Residential mortgage	135,273	116,858	76,923	115,337	4,894	8,633	2,870	460,788
Qualifying revolving retail	13,415	9	3,608	5,514	3,087	609	153	26,395
Other retail	63	48	265	7,657	1,574	641	118	10,366
Total	148,751	116,915	80,796	128,508	9,555	9,883	3,141	497,549
Undrawn commitments (1)								
Residential mortgage	51,262	7,177	3,685	6,791	82	45	19	69,061
Qualifying revolving retail	10,790	8	2,695	2,421	634	111	3	16,662
Other retail	60	41	237	2,160	245	31	3	2,777
Total	62,112	7,226	6,617	11,372	961	187	25	88,500
Exposure - weighted average EAD ($M)								
Residential mortgage	0. 222	0. 257	0. 240	0. 204	0. 201	0. 242	0. 245	0. 230
Qualifying revolving retail	0. 010	0. 009	0. 008	0. 009	0. 009	0. 007	0. 008	0. 009
Other retail	0. 004	0. 004	0. 002	0. 009	0. 003	0. 005	0. 005	0. 008
Exposure - weighted average LGD (%)								
Residential mortgage	20. 0	20. 2	20. 3	21. 0	21. 3	20. 2	20. 4	20. 4
Qualifying revolving retail	88. 0	88. 0	88. 0	88. 0	88. 0	88. 0	88. 0	88. 0
Other retail	94. 3	94. 0	94. 6	96. 9	97. 9	99. 0	98. 2	97. 1
Exposure - weighted average risk weight (%)								
Residential mortgage	2. 9	9. 3	14. 4	24. 2	74. 3	99. 7	-	14. 3
Qualifying revolving retail	3. 9	7. 8	15. 1	38. 9	120. 6	209. 4	-	31. 1
Other retail	17. 9	48. 6	59. 7	117. 4	147. 8	194. 8	0. 4	123. 1

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

APS 330 Table 9d (ii) – Retail exposures by portfolio type and PD band (continued)

	31 December 2013							
	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	$M
Total credit risk exposures								
Residential mortgage (1)	105,576	138,782	64,997	127,245	6,107	8,932	2,987	454,626
Qualifying revolving retail	11,315	3,048	-	5,044	2,862	547	138	22,954
Other retail	65	49	226	7,304	1,426	618	104	9,792
Total	116,956	141,879	65,223	139,593	10,395	10,097	3,229	487,372
Undrawn commitments (2)								
Residential mortgage (1)	49,153	9,025	3,087	7,829	308	54	24	69,480
Qualifying revolving retail	8,525	2,149	-	2,090	447	79	3	13,293
Other retail	62	43	209	1,986	215	28	3	2,546
Total	57,740	11,217	3,296	11,905	970	161	30	85,319
Exposure - weighted average EAD ($M)								
Residential mortgage (1)	0. 205	0. 262	0. 243	0. 209	0. 327	0. 230	0. 261	0. 232
Qualifying revolving retail	0. 008	0. 007	-	0. 008	0. 009	0. 007	0. 008	0. 008
Other retail	0. 004	0. 004	0. 002	0. 009	0. 003	0. 005	0. 005	0. 007
Exposure - weighted average LGD (%)								
Residential mortgage (1)	20. 0	20. 2	20. 4	21. 0	22. 7	20. 4	20. 7	20. 5
Qualifying revolving retail	78. 3	78. 6	-	84. 7	88. 4	88. 0	86. 7	81. 3
Other retail	94. 3	94. 1	94. 6	94. 3	98. 4	98. 6	97. 0	95. 2
Exposure - weighted average risk weight (%)								
Residential mortgage (1)	2. 5	8. 5	13. 9	24. 3	71. 4	97. 7	9. 1	14. 9
Qualifying revolving retail	3. 1	11. 3	-	33. 0	108. 6	198. 6	-	28. 5
Other retail	17. 9	48. 7	59. 7	114. 2	149. 1	192. 6	0. 9	120. 8

(1) Including SME Retail secured by residential property.
(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 9e) and a comparison of financial losses to regulatory EL estimates (APS 330 Table 9f(i)).

APS 330 Table 9e – Actual losses by portfolio type

	31 December 2014		
	Half year losses in reporting period		
Portfolio Type	Gross write-offs $M	Recoveries $M	Actual losses $M
Corporate	58	(9)	49
SME Corporate	56	(14)	42
SME retail (including SME retail secured by residential mortgages)	30	(1)	29
Specialised lending	2	-	2
Total corporate including SME and specialised lending	146	(24)	122
Sovereign	-	-	-
Bank	-	-	-
Residential mortgage (excluding SME retail secured by residential mortgages)	37	(2)	35
Qualifying revolving retail	157	(28)	129
Other retail	164	(33)	131
Total advanced IRB and specialised lending portfolios	504	(87)	417

	30 June 2014		
	Full year losses in reporting period		
Portfolio Type	Gross write-offs $M	Recoveries $M	Actual losses $M
Corporate	195	(14)	181
SME Corporate	175	(12)	163
SME retail (including SME retail secured by residential mortgages)	40	(6)	34
Specialised lending	130	(3)	127
Total corporate including SME and specialised lending	540	(35)	505
Sovereign	-	-	-
Bank	11	-	11
Residential mortgage (excluding SME retail secured by residential mortgages)	126	(5)	121
Qualifying revolving retail	324	(53)	271
Other retail	306	(44)	262
Total advanced IRB and specialised lending portfolios	1,307	(137)	1,170

	31 December 2013		
	Half year losses in reporting period		
Portfolio Type	Gross write-offs $M	Recoveries $M	Actual losses $M
Corporate	47	(10)	37
SME Corporate	96	(14)	82
SME retail (including SME retail secured by residential mortgages)	17	(3)	14
Specialised lending	72	-	72
Total corporate including SME and specialised lending	232	(27)	205
Sovereign	-	-	-
Bank	10	-	10
Residential mortgage (excluding SME retail secured by residential mortgages)	60	(3)	57
Qualifying revolving retail	163	(25)	138
Other retail	150	(22)	128
Total advanced IRB and specialised lending portfolios	615	(77)	538

APS 330 Table 9f (i) – Historical loss analysis by portfolio type

	31 December 2014	
	Half year actual loss $M	Regulatory one year expected loss estimate $M
Corporate	49	768
SME corporate	42	550
SME retail (including SME retail secured by residential mortgages)	29	136
Specialised lending	2	822
Total corporate including SME and specialised lending	122	2,276
Sovereign	-	7
Bank	-	142
Residential mortgage (excluding SME retail secured by residential mortgages)	35	906
Qualifying revolving retail	129	478
Other retail	131	472
Total advanced IRB and specialised lending portfolios	417	4,281

	30 June 2014	
	Full year actual loss $M	Regulatory one year expected loss estimate $M
Corporate	181	695
SME corporate	163	471
SME retail (including SME retail secured by residential mortgages)	34	147
Specialised lending	127	831
Total corporate including SME and specialised lending	505	2,144
Sovereign	-	8
Bank	11	141
Residential mortgage (excluding SME retail secured by residential mortgages)	121	1,333
Qualifying revolving retail	271	528
Other retail	262	515
Total advanced IRB and specialised lending portfolios	1,170	4,669

	31 December 2013	
	Half year actual loss $M	Regulatory one year expected loss estimate $M
Corporate	37	698
SME corporate	82	494
SME retail (including SME retail secured by residential mortgages)	14	148
Specialised lending	72	826
Total corporate including SME and specialised lending	205	2,166
Sovereign	-	7
Bank	10	174
Residential mortgage (excluding SME retail secured by residential mortgages)	57	1,292
Qualifying revolving retail	138	412
Other retail	128	465
Total advanced IRB and specialised lending portfolios	538	4,516

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 is based on the quality of non-defaulted exposures at a point in time using long-run PDs and downturn LGDs as required by APRA and for defaulted exposures the Best Estimate of Expected loss is used. Hence, actual outcomes may differ from modelled regulatory estimates for a number of reasons.

Actual losses are expected to be below the regulatory EL estimate in most years. Regulatory EL is reported for both defaulted and non-defaulted exposures. Regulatory EL measures economic loss including costs (such as internal costs) not included in actual losses.

Accuracy of Risk Estimates

The following tables provide a summary of IRB credit risk estimates used in calculating regulatory capital compared to realised outcomes.

Probability of Default

APS 330 Table 9f (ii) compares estimates of long-run PD to actual default rates averaged over 6.5 financial years to 31 December 2014, where results for the half year to December 2014 have been annualised without adjustment for seasonality.

APS 330 Table 9f (ii) – Accuracy of risk estimates – PD

	As at 31 December 2014	
Portfolio Type	Average estimated PD %	Average actual PD %
Corporate	1. 36	0. 91
SME corporate	2. 19	1. 94
SME retail (including SME retail secured by residential mortgages)	1. 84	0. 89
Specialised lending (1)	n/a	1. 62
Sovereign (2)	0. 64	0. 03
Bank (2)	0. 26	0. 31
Residential mortgage (excluding SME retail secured by residential mortgages)	0. 89	0. 77
Qualifying revolving retail	1. 97	2. 14
Other retail	4. 76	4. 49

(1) Average estimated PD not relevant for specialised lending under the Supervisory Slotting approach.
(2) Realised PDs 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 to 2012 financial years. LGDs for retail portfolios are based on accounts that defaulted in 2009 to 2013 financial years. Defaults occurring in the most recent years have been excluded from the analysis, to allow sufficient time for workout of impaired assets, booking of losses and more meaningful disclosures.

The EAD ratio compares estimates of EAD prior to default to realised EAD for obligors that defaulted.

APS 330 Table 9f (iii) – Accuracy of risk estimates – LGD and EAD

	As at 31 December 2014		
Portfolio Type	Average estimated downturn LGD (1) %	Average actual LGD (1) %	Ratio of estimated EAD to actual EAD (1)
Corporate	58. 0	44. 0	1. 1
SME corporate	34. 1	25. 4	1. 1
SME retail (including SME retail secured by residential mortgages)	35. 4	27. 5	1. 3
Specialised lending (2)	n/a	40. 6	1. 2
Sovereign	n/a	nil	n/a
Bank (3)	64. 9	109. 9	1. 8
Residential mortgage (excluding SME retail secured by residential mortgages) (4)	20. 8	7. 1	1. 0
Qualifying revolving retail	85. 8	67. 5	1. 1
Other retail	95. 5	82. 4	1. 0

(1) LGD and EAD estimates and actuals have not changed from those reported at 30 June 2014.
(2) Average estimated LGD is not relevant for specialised lending under Supervisory Slotting approach.
(3) Realised LGDs for Banks based on a low volume of defaults observed.
(4) Estimated downturn LGD based on minimum regulatory floor requirements imposed by APRA and RBNZ.

5.5 Credit Risk Mitigation

APS 330 Table 10b and 10c – Credit risk mitigation

	31 December 2014				
	Total exposure (1) $M	Eligible financial collateral $M	Exposures covered by guarantees $M	Exposures covered by credit derivatives $M	Coverage %
Advanced approach (2)					
Corporate	100,763	-	1,301	-	1. 3
SME corporate	40,828	-	-	9	-
SME retail (3)	17,254	-	-	-	-
Sovereign	72,442	-	-	-	-
Bank	45,077	-	727	237	2. 1
Residential mortgage	475,529	-	-	-	-
Qualifying revolving retail	26,836	-	-	-	-
Other retail	10,718	-	-	-	-
Total advanced approach	789,447	-	2,028	246	0. 3
Specialised lending	58,405	-	-	-	-
Standardised approach					
Corporate	11,483	166	-	-	1. 4
SME corporate	5,386	31	-	-	0. 6
SME retail	5,562	5	-	-	0. 1
Sovereign	312	-	-	-	-
Bank	545	-	-	-	-
Residential mortgage	10,987	21	-	-	0. 2
Other retail	2,930	-	-	-	-
Other assets	10,521	-	-	-	-
Central counterparties	8,109	-	-	-	-
Total standardised approach	55,835	223	-	-	0. 4
Total exposures	903,687	223	2,028	246	0. 3

	30 June 2014				
	Total exposure (1) $M	Eligible financial collateral $M	Exposures covered by guarantees $M	Exposures covered by credit derivatives $M	Coverage %
Advanced approach (2)					
Corporate	87,904	-	1,027	-	1. 2
SME corporate	37,396	-	-	1	-
SME retail (3)	17,940	-	-	-	-
Sovereign	64,005	-	-	-	-
Bank	42,885	-	663	321	2. 3
Residential mortgage	460,788	-	-	-	-
Qualifying revolving retail	26,395	-	-	-	-
Other retail	10,366	-	-	-	-
Total advanced approach	747,679	-	1,690	322	0. 3
Specialised lending	57,356	-	-	-	-
Standardised approach					
Corporate	11,065	148	-	-	1. 3
SME corporate	4,805	37	-	-	0. 8
SME retail	5,198	6	-	-	0. 1
Sovereign	258	-	-	-	-
Bank	516	-	-	-	-
Residential mortgage	9,594	21	-	-	0. 2
Other retail	2,628	1	-	-	-
Other assets	10,165	-	-	-	-
Central clearing counterparties	1,870	-	-	-	-
Total standardised approach	46,099	213	-	-	0. 5
Total exposures	851,134	213	1,690	322	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.
(2) Advanced approach: Exposure for derivatives is after netting and financial collateral.
(3) Including SME retail secured by residential property.

APS 330 Table 10b and 10c – Credit risk mitigation (continued)

	31 December 2013				
	Total exposure [1] $M	Eligible financial collateral $M	Exposures covered by guarantees $M	Exposures covered by credit derivatives $M	Coverage %
Advanced approach [2]					
Corporate	83,957	-	1,139	-	1. 4
SME corporate	36,807	-	-	2	-
SME retail	9,033	-	-	-	-
Sovereign	67,125	-	-	-	-
Bank	42,739	-	425	386	1. 9
Residential mortgage [3]	454,626	-	-	-	-
Qualifying revolving retail	22,954	-	-	-	-
Other retail	9,792	-	-	-	-
Total advanced approach	727,033	-	1,564	388	0. 3
Specialised lending	56,705	-	-	-	-
Standardised approach					
Corporate	11,259	21	-	-	0. 2
SME corporate	5,289	28	-	-	0. 5
SME retail	4,603	6	-	-	0. 1
Sovereign	240	-	-	-	-
Bank	645	-	-	-	-
Residential mortgage	9,493	7	-	-	0. 1
Other retail	2,555	-	-	-	-
Other assets	10,279	-	-	-	-
Central clearing counterparties	1,564	-	-	-	-
Total standardised approach	45,927	62	-	-	0. 1
Total exposures	829,665	62	1,564	388	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.
(2) Advanced approach: Exposure for derivatives is after netting and financial collateral.
(3) Including SME retail secured by residential property.

5.6 Securitisation

APS 330 Table 12g (i) – Banking book exposures securitised - traditional securitisation

	31 December 2014			
	Group originated assets capital relief [1]	Group originated assets - non capital relief [2]	Group originated assets - internal RMBS[3]	Third party originated assets [4]
Underlying Asset	$M	$M	$M	$M
Residential mortgage	2,225	12,405	74,435	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	2,225	12,405	74,435	-

	30 June 2014			
	Group originated assets capital relief [1]	Group originated assets - non capital relief [2]	Group originated assets - internal RMBS[3]	Third party originated assets [4]
Underlying Asset	$M	$M	$M	$M
Residential mortgage	3,047	9,935	74,765	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	3,047	9,935	74,765	-

	31 December 2013			
	Group originated assets capital relief [1]	Group originated assets - non capital relief [2]	Group originated assets - internal RMBS[3]	Third party originated assets [4]
Underlying Asset	$M	$M	$M	$M
Residential mortgage	3,847	8,042	74,704	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	79
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	3,847	8,042	74,704	79

(1) Group originated assets (capital relief) comprise CBA Medallion and Bankwest Swan Trusts subject to capital treatment under APS120.
(2) Group originated assets (non-capital relief) comprise CBA Medallion and Bankwest Swan Trusts subject to capital treatment under APS113.
(3) Group originated assets (internal RMBS) comprise CBA Medallion, Bankwest Swan and ASB Medallion Trusts held for contingent liquidity purposes.
(4) Third party originated assets comprise assets managed and sponsored by the Group.

APS 330 Table 12g (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 12g (iii) – Total banking book exposures securitised

APS 330 Table 12g (i) discloses the total banking book exposures securitised by the Group.

APS 330 Table 12h – Past due and impaired banking book exposures by asset type

	31 December 2014			
	Group originated assets securitised			
	Outstanding exposure	Impaired	Past due	Losses recognised
Underlying Asset	$M	$M	$M	$M
Residential mortgage	89,064	36	368	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	89,064	36	368	-

	30 June 2014			
	Group originated assets securitised			
	Outstanding exposure	Impaired	Past due	Losses recognised
Underlying Asset	$M	$M	$M	$M
Residential mortgage	87,748	48	356	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	87,748	48	356	-

	31 December 2013			
	Group originated assets securitised			
	Outstanding exposure	Impaired	Past due	Losses recognised
Underlying Asset	$M	$M	$M	$M
Residential mortgage	86,594	57	331	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	79	-	1	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	86,673	57	332	-

APS 330 Table 12i – 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 2014.

APS 330 Table 12j (i) – Banking book activity for the reporting period

The Group securitised $7,454 million of new exposures in the banking book during the half year ended 31 December 2014.

	Half year ended 31 December 2014	
Underlying Asset Type	Total exposures securitised $M	Recognised gain or loss on sale $M
Residential mortgage	7,113	-
Credit cards and other personal loans	-	-
Auto and equipment finance	341	-
Commercial loans	-	-
Other	-	-
Total	7,454	-

	Full year ended 30 June 2014	
Underlying Asset Type	Total exposures securitised (1) $M	Recognised gain or loss on sale $M
Residential mortgage	9,502	-
Credit cards and other personal loans	-	-
Auto and equipment finance	768	-
Commercial loans	4	-
Other	-	-
Total	10,274	-

	Half year ended 31 December 2013	
Underlying Asset Type	Total exposures securitised (1) $M	Recognised gain or loss on sale $M
Residential mortgage	5,462	-
Credit cards and other personal loans	-	-
Auto and equipment finance	768	-
Commercial loans	-	-
Other	-	-
Total	6,230	-

(1) Securitisation activity has been restated to include investment securities.

APS330 Table 12k – Banking book securitisation exposures retained or purchased

Securitisation Facility Type	31 December 2014 On Balance Sheet $M	31 December 2014 Off Balance Sheet $M	31 December 2014 Total exposures $M
Liquidity support facilities	-	106	106
Warehouse facilities	2,311	1,714	4,025
Derivative facilities (1)	52	1	53
Holdings of securities	7,573	-	7,573
Other	-	-	-
Total securitisation exposures in the banking book	9,936	1,821	11,757

Securitisation Facility Type	30 June 2014 On Balance Sheet $M	30 June 2014 Off Balance Sheet $M	30 June 2014 Total exposures $M
Liquidity support facilities	-	104	104
Warehouse facilities	2,393	1,075	3,468
Derivative facilities (1)	83	1	84
Holdings of securities	5,834	-	5,834
Other	-	-	-
Total securitisation exposures in the banking book	8,310	1,180	9,490

Securitisation Facility Type	31 December 2013 On Balance Sheet $M	31 December 2013 Off Balance Sheet $M	31 December 2013 Total exposures $M
Liquidity support facilities	-	102	102
Warehouse facilities	1,913	1,417	3,330
Derivative facilities (1)	122	1	123
Holdings of securities	5,638	-	5,638
Other	-	-	-
Total securitisation exposures in the banking book	7,673	1,520	9,193

(1) Derivative facilities have been restated to reflect the on balance sheet and off balance sheet exposures. On balance sheet exposures reflect the mark to market value of derivatives and off balance sheet exposures reflect the potential future exposure of derivatives as per APS112, Attachment B.

APS 330 Table 12I (i) – Banking book exposure by risk weighting

Total securitisation exposures in the banking book increased by $2,267 million or 23.9% during the half year ended 31 December 2014. Corresponding RWA increased by $22 million or 0.4%. This was mainly due to changes in risk profile for securitisation exposures.

	31 December 2014					
	Exposures		Total	Risk Weighted Assets		Total
	Securitisation	Resecuritisation	exposures	Securitisation	Resecuritisation	RWA
Risk Weight Band	$M	$M	$M	$M	$M	$M
≤ 25%	11,032	-	**11,032**	981	-	**981**
> 25% ≤ 35%	109	-	**109**	38	-	**38**
> 35% ≤ 50%	212	-	**212**	106	-	**106**
> 50% ≤ 75%	-	-	**-**	-	-	**-**
> 75% ≤ 100%	-	-	**-**	-	-	**-**
> 100% ≤ 650%	62	-	**62**	68	-	**68**
> 650% ≤ 1250%	316	26	**342**	3,678	138	**3,816**
Total	11,731	26	**11,757**	4,871	138	**5,009**

	30 June 2014					
	Exposures		Total	Risk Weighted Assets		Total
	Securitisation	Resecuritisation	exposures	Securitisation	Resecuritisation	RWA
Risk Weight Band	$M	$M	$M	$M	$M	$M
≤ 25%	8,410	-	**8,410**	658	-	**658**
> 25% ≤ 35%	371	-	**371**	105	-	**105**
> 35% ≤ 50%	300	-	**300**	150	-	**150**
> 50% ≤ 75%	28	-	**28**	20	-	**20**
> 75% ≤ 100%	2	-	**2**	2	-	**2**
> 100% ≤ 650%	34	-	**34**	34	-	**34**
> 650% ≤ 1250%	319	26	**345**	3,693	325	**4,018**
Total	9,464	26	**9,490**	4,662	325	**4,987**

	31 December 2013					
	Exposures		Total	Risk Weighted Assets		Total
	Securitisation	Resecuritisation	exposures	Securitisation	Resecuritisation	RWA
Risk Weight Band	$M	$M	$M	$M	$M	$M
≤ 25%	8,034	1	**8,035**	715	-	**715**
> 25% ≤ 35%	137	-	**137**	48	-	**48**
> 35% ≤ 50%	300	-	**300**	150	-	**150**
> 50% ≤ 75%	250	-	**250**	162	-	**162**
> 75% ≤ 100%	-	-	**-**	-	-	**-**
> 100% ≤ 650%	96	-	**96**	258	-	**258**
> 650% ≤ 1250%	349	26	**375**	4,037	325	**4,362**
Total	9,166	27	**9,193**	5,370	325	**5,695**

APS 330 Table 12l (ii) – Banking book exposure deducted entirely from capital

	Common Equity Tier 1 Capital		
	31 Dec 14	30 Jun 14	31 Dec 13
Underlying Asset Type	$M	$M	$M
Residential mortgage	37	24	26
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	37	24	26

APS 330 Table 12m – Banking book exposures subject to early amortisation

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

APS 330 Table 12n – Banking book resecuritisation exposures

As at 31 December 2014, banking book resecuritisation exposures without credit risk mitigation total $26 million (30 June 2014: $26 million; 31 December 2013: $27 million).

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

The Group did not have any exposure to third party guarantors providing guarantees for securitised assets.

APS 330 Table 12o (i) – Trading book exposures securitised – traditional securitisation

The Group has not undertaken any traditional securitisations of exposures in the trading book.

APS 330 Table 12o (ii) – Trading book exposures securitised – synthetic securitisation

The Group has not undertaken any synthetic securitisations of exposures in the trading book.

APS 330 Table 12o (iii) – Total trading book exposures securitised

The Group has not securitised any exposures from the trading book.

APS 330 Table 12p – 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 2014.

APS 330 Table 12q – Trading book activity for the reporting period

$33 million residential mortgages were securitised by the Group in the trading book for the half year to 31 December 2014 (30 June 2014: $27 million; 31 December 2013: $10 million).

Securitisation activity has been restated to include investment securities.

APS 330 Table 12r – 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 $83 million as at 31 December 2014 (30 June 2014: $322 million; 31 December 2013: $314 million). This consists of:

- Securities held in the trading book subject to the Standard Method of $36 million (30 June 2014: $85 million; 31 December 2013: $48 million); and
- Derivatives held in the trading book subject to the Internal Models Approach (IMA) of $47 million (30 June 2014: $237 million; 31 December 2013: $266 million).

APS 330 Table 12s – Trading book exposures retained or purchased subject to APS 120

	31 December 2014		
Securitisation Facility Type	On Balance Sheet $M	Off Balance Sheet $M	Total exposures $M
Liquidity support facilities	-	-	-
Warehouse facilities	-	-	-
Derivative facilities (1)	36	11	47
Holdings of securities	36	-	36
Other	-	-	-
Total securitisation exposures in the trading book	72	11	83

	30 June 2014		
Securitisation Facility Type	On Balance Sheet $M	Off Balance Sheet $M	Total exposures $M
Liquidity support facilities	-	-	-
Warehouse facilities	-	-	-
Derivative facilities (1) (2)	197	40	237
Holdings of securities	85	-	85
Other	-	-	-
Total securitisation exposures in the trading book	282	40	322

	31 December 2013		
Securitisation Facility Type	On Balance Sheet $M	Off Balance Sheet $M	Total exposures $M
Liquidity support facilities	-	-	-
Warehouse facilities	-	-	-
Derivative facilities (1) (2)	219	47	266
Holdings of securities	48	-	48
Other	-	-	-
Total securitisation exposures in the trading book	267	47	314

(1) On balance sheet exposures reflect the mark to market value of derivatives and off balance sheet exposures reflect the potential future exposure of derivatives as per APS112, Attachment B.

(2) Exposure has been restated to include investment securities.

APS 330 Table 12t (i) – Trading book exposures retained/purchased subject to IMA

The Group has $47 million of derivatives exposures held in the trading book subject to IMA (default risk) under APS 116 as at 31 December 2014 (30 June 2014: $237 million; 31 December 2013: $266 million).

APS 330 Table 12t (ii) – Trading book exposures subject to APS 120 by risk weighting

Total securitisation exposures in the trading book decreased by $239 million during the half year ended 31 December 2014 reflecting run off of derivatives exposures.

	31 December 2014			
Risk Weight Band	IAA Approach $M	RBA Approach $M	SFA Approach $M	Total exposures $M
≤ 25%	-	34	48	**82**
> 25% ≤ 35%	-	-	-	**-**
> 35% ≤ 50%	-	-	-	**-**
> 50% ≤ 75%	-	-	-	**-**
> 75% ≤ 100%	-	-	-	**-**
> 100% ≤ 650%	-	-	1	**1**
> 650% ≤ 1250%	-	-	-	**-**
Total	-	34	49	**83**

	30 June 2014			
Risk Weight Band	IAA Approach $M	RBA Approach $M	SFA Approach $M	Total exposures $M
≤ 25%	-	83	238	**321**
> 25% ≤ 35%	-	-	-	**-**
> 35% ≤ 50%	-	-	-	**-**
> 50% ≤ 75%	-	-	-	**-**
> 75% ≤ 100%	-	-	-	**-**
> 100% ≤ 650%	-	-	1	**1**
> 650% ≤ 1250%	-	-	-	**-**
Total	-	83	239	**322**

	31 December 2013			
Risk Weight Band	IAA Approach $M	RBA Approach $M	SFA Approach $M	Total exposures $M
≤ 25%	-	45	267	**312**
> 25% ≤ 35%	-	-	-	**-**
> 35% ≤ 50%	-	-	-	**-**
> 50% ≤ 75%	-	-	-	**-**
> 75% ≤ 100%	-	-	-	**-**
> 100% ≤ 650%	-	-	2	**2**
> 650% ≤ 1250%	-	-	-	**-**
Total	-	45	269	**314**

APS 330 Table 12u (i) – RWA of trading book exposures retained/purchased subject to IMA

The Group has $209 million of RWA held in the trading book subject to IMA (default risk) under APS 116 as at 31 December 2014 (30 June 2014: $171 million; 31 December 2013: $196 million).

APS330 Table 12u (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 $17 million or 71% during the half year ended 31 December 2014 reflecting run off of derivative exposures.

31 December 2014

Risk Weight Band	IAA Approach		RBA Approach		SFA Approach		Standardised Approach		Total Capital Requirements	
	Securitisation $M	Resecuritisation $M	Securitisation $M	Resecuritisation $M	Securitisation $M	Resecuritisation $M	Securitisation $M	Resecuritisation $M	Securitisation $M	Resecuritisation $M
≤ 25%	-	-	2	-	3	-	-	-	**5**	**-**
> 25% ≤ 35%	-	-	-	-	-	-	-	-	**-**	**-**
> 35% ≤ 50%	-	-	-	-	-	-	-	-	**-**	**-**
> 50% ≤ 75%	-	-	-	-	-	-	-	-	**-**	**-**
> 75% ≤ 100%	-	-	-	-	-	-	-	-	**-**	**-**
> 100% ≤ 650%	-	-	-	-	2	-	-	-	**2**	**-**
> 650% ≤ 1250%	-	-	-	-	-	-	-	-	**-**	**-**
Total	-	-	2	-	5	-	-	-	**7**	**-**

30 June 2014

Risk Weight Band	IAA Approach		RBA Approach		SFA Approach		Standardised Approach		Total Capital Requirements	
	Securitisation $M	Resecuritisation $M	Securitisation $M	Resecuritisation $M	Securitisation $M	Resecuritisation $M	Securitisation $M	Resecuritisation $M	Securitisation $M	Resecuritisation $M
≤ 25%	-	-	6	-	17	-	-	-	**23**	**-**
> 25% ≤ 35%	-	-	-	-	-	-	-	-	**-**	**-**
> 35% ≤ 50%	-	-	-	-	-	-	-	-	**-**	**-**
> 50% ≤ 75%	-	-	-	-	-	-	-	-	**-**	**-**
> 75% ≤ 100%	-	-	-	-	-	-	-	-	**-**	**-**
> 100% ≤ 650%	-	-	-	-	1	-	-	-	**1**	**-**
> 650% ≤ 1250%	-	-	-	-	-	-	-	-	**-**	**-**
Total	-	-	6	-	18	-	-	-	**24**	**-**

31 December 2013

Risk Weight Band	IAA Approach		RBA Approach		SFA Approach		Standardised Approach		Total Capital Requirements	
	Securitisation $M	Resecuritisation $M	Securitisation $M	Resecuritisation $M	Securitisation $M	Resecuritisation $M	Securitisation $M	Resecuritisation $M	Securitisation $M	Resecuritisation $M
≤ 25%	-	-	3	-	19	-	-	-	**22**	**-**
> 25% ≤ 35%	-	-	-	-	-	-	-	-	**-**	**-**
> 35% ≤ 50%	-	-	-	-	-	-	-	-	**-**	**-**
> 50% ≤ 75%	-	-	-	-	-	-	-	-	**-**	**-**
> 75% ≤ 100%	-	-	-	-	-	-	-	-	**-**	**-**
> 100% ≤ 650%	-	-	-	-	4	-	-	-	**4**	**-**
> 650% ≤ 1250%	-	-	-	-	-	-	-	-	**-**	**-**
Total	-	-	3	-	23	-	-	-	**26**	**-**

APS 330 Table 12u (iii) – Trading book exposures entirely deducted from capital

The Group has no trading book exposures that are deducted entirely from Common Equity Tier 1 capital as at 31 December 2014 (30 June 2014: $nil; 31 December 2013: $nil).

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 12v – Trading book exposures subject to early amortisation

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

APS 330 Table 12w – Trading book resecuritisation exposures

The Group did not have any trading book resecuritisation exposures without credit risk mitigation as at 31 December 2014 (30 June 2014: $nil; 31 December 2013: $nil).

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

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

APS 330 Table 5a – 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 12j (banking book) and APS 330 Table 12q (trading book).

The total exposures securitised in the half year to 31 December 2014 was $7,487 million (30 June 2014: $4,071 million; 31 December 2013: $6,240 million).

The securitisation activity has been restated to include investment securities.

APS330 Table 5b – Summary of total securitisation exposures retained or purchased

	As at 31 December 2014		
Securitisation Facility Type	On Balance Sheet $M	Off Balance Sheet $M	Total exposures $M
Liquidity support facilities	-	106	106
Warehouse facilities	2,311	1,714	4,025
Derivative facilities [1]	88	12	100
Holdings of securities	7,609	-	7,609
Other	-	-	-
Total securitisation exposures	10,008	1,832	11,840

	As at 30 June 2014		
Securitisation Facility Type	On Balance Sheet $M	Off Balance Sheet $M	Total exposures $M
Liquidity support facilities	-	104	104
Warehouse facilities	2,393	1,075	3,468
Derivative facilities [1]	280	41	321
Holdings of securities	5,919	-	5,919
Other	-	-	-
Total securitisation exposures	8,592	1,220	9,812

	As at 31 December 2013		
Securitisation Facility Type	On Balance Sheet $M	Off Balance Sheet $M	Total exposures $M
Liquidity support facilities	-	102	102
Warehouse facilities	1,913	1,417	3,330
Derivative facilities [1]	341	48	389
Holdings of securities	5,686	-	5,686
Other	-	-	-
Total securitisation exposures	7,940	1,567	9,507

(1) Derivative facilities have been restated to reflect the on balance sheet and off balance sheet exposures. On balance sheet exposures reflect the mark to market value of derivatives and off balance sheet exposures reflect the potential future exposure of derivatives as per APS112, Attachment B.

6 Equity Risk

APS 330 Table 16b to 16f – Equity investment exposures

	31 December 2014	
Equity Investments	**Balance Sheet value $M**	**Fair value $M**
Value of listed (publicly traded) equities	911	911
Value of unlisted (privately held) equities	2,072	2,072
Total (1)	2,983	2,983

(1) Equity holdings comprise $1,951 million Investments in Associates and $1,032 million Available-for-Sale Securities.

	30 June 2014	
Equity Investments	**Balance Sheet value $M**	**Fair value $M**
Value of listed (publicly traded) equities	782	782
Value of unlisted (privately held) equities	1,794	1,794
Total (1)	2,576	2,576

(1) Equity holdings comprise $1,694 million Investments in Associates, $1 million Assets Held for Sale and $881 million Available-for-Sale Securities.

	31 December 2013	
Equity Investments	**Balance Sheet value $M**	**Fair value (1) $M**
Value of listed (publicly traded) equities	1,163	1,191
Value of unlisted (privately held) equities	1,732	1,732
Total (2)	2,895	2,923

(1) 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.

(2) Equity Holdings comprise $2,068 million investments in Associates, $723 million available for sale securities and $104 million Assets Held For Sale (excluding amounts treated as goodwill and intangibles for regulatory capital purposes).

	Half year ended		
	31 Dec 14	**30 Jun 14**	**31 Dec 13**
Gain/(Losses) on Equity Investments	**$M**	**$M**	**$M**
Cumulative realised gains in reporting period	**32**	22	5
Total unrealised gains	**281**	50	205

7 Market Risk

7.1 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 14 $M	30 Jun 14 $M	31 Dec 13 $M
Internal Model Approach	**3,497**	2,773	3,729
Standard Method	**2,969**	2,511	2,241
Total Traded Market Risk RWA	**6,466**	5,284	5,970

APS 330 Table 13b – Traded Market Risk under the Standard Method

Exposure Type	31 Dec 14 $M	30 Jun 14 $M	31 Dec 13 $M
Interest rate risk	**158. 9**	131. 3	131. 4
Equity risk	**65. 3**	64. 7	40. 0
Foreign exchange risk	**13. 3**	4. 9	7. 9
Commodity risk	**-**	-	-
Total	**237. 5**	200. 9	179. 3
Risk Weighted Asset equivalent [1]	**2,969**	2,511	2,241

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

APS 330 Table 14d – Value at Risk and Stressed Value at Risk for trading portfolios under the Internal Model Approach

Average VaR [1]	Aggregate Value at Risk Over the Reporting Period Mean value $M	Maximum value $M	Minimum value $M	As at balance date $M
Over the 6 months to 31 December 2014	31	63	22	35
Over the 6 months to 30 June 2014	36	50	21	29
Over the 6 months to 31 December 2013	45	65	36	45

Stressed VaR [1]	Aggregate SVaR Over the Reporting Period Mean value $M	Maximum value $M	Minimum value $M	As at balance date $M
Over the 6 months to 31 December 2014	54	95	35	83
Over the 6 months to 30 June 2014	47	73	31	42
Over the 6 months to 31 December 2013	53	78	38	56

Summary Table of the Number of Back-Testing Outliers [2]	
Over the 6 months to 31 December 2014	-
Over the 6 months to 30 June 2014	1
Over the 6 months to 31 December 2013	-

(1) 10 day, 99% confidence interval over the reporting period.
(2) 1 day, 99% confidence interval over the reporting period.

Internal Model Approach – VaR Outliers

There were no outliers during the 6 months to 31 December 2014, when the hypothetical loss exceeded VaR at 99% confidence for the corresponding day.

	Over the Reporting Period 1 July 2014 to 31 December 2014	
	Hypothetical loss	VaR 99%
Date	**$M**	**$M**
	-	-

	Over the Reporting Period 1 January 2014 to 30 June 2014	
	Hypothetical loss	VaR 99%
Date	**$M**	**$M**
26 February 2014	(12. 3)	(10. 6)

	Over the Reporting Period 1 July 2013 to 31 December 2013	
	Hypothetical loss	VaR 99%
Date	**$M**	**$M**
	-	-

7.2 Non-Traded Market Risk

APS 330 Table 17b – Interest Rate Risk in the Banking Book

	Change in Economic Value		
	31 Dec 14	30 Jun 14	31 Dec 13
Stress Testing: Interest Rate Shock Applied	**$M**	**$M**	**$M**
AUD			
200 basis point parallel increase	**(418)**	(503)	(802)
200 basis point parallel decrease	**472**	550	869
NZD			
200 basis point parallel increase	**(208)**	(209)	(180)
200 basis point parallel decrease	**222**	223	193
Other			
200 basis point parallel increase	**(18)**	(18)	(23)
200 basis point parallel decrease	**18**	18	23

	31 Dec 14	30 Jun 14	31 Dec 13
Regulatory RWA	**$M**	**$M**	**$M**
Interest rate risk in the banking book	**4,846**	14,762	17,543

8 Operational Risk

APS 330 Table 6e – Capital requirements for operational risk

	31 Dec 14	30 Jun 14	31 Dec 13
	$M	**$M**	**$M**
Advanced measurement approach	**30,026**	28,366	28,331
Standardised approach	**186**	165	149
Total operational risk RWA (1)	**30,212**	28,531	28,480

(1) Refer to page 8 for commentary.

9 Appendices

9.1 Detailed Capital Disclosures Template (APS 330 Attachment A)

The capital disclosures detailed in the template below represents the post 1 January 2018 Basel III common disclosure requirements. The Group is applying the Basel III regulatory adjustments in full as implemented by APRA. These tables should be read in conjunction with section 9.2 Regulatory Balance Sheet and section 9.3 Reconciliation between detailed capital disclosures template and the Regulatory Balance Sheet.

Summary Group Capital Adequacy Ratios (Level 2)	31 Dec 14 Basel III APRA %	31 Dec 14 Basel III Internationally Comparable %
CET1	9.2	13.3
Tier 1	11.6	16.2
Total Capital	12.7	17.5

		31 Dec 14 Basel III $M	Reconciliation Table Reference
Common Equity Tier 1 Capital: instruments and reserves			
1	Directly issued qualifying ordinary shares (and equivalent for mutually-owned entities) capital	**27,157**	Table A
2	Retained earnings	**19,446**	
3	Accumulated other comprehensive income (and other reserves)	**2,548**	
4	Directly issued capital subject to phase out from CET1 (only applicable to mutually-owned companies)	**-**	
5	Ordinary share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	**-**	Table B
6	Common Equity Tier 1 Capital before regulatory adjustments	**49,151**	
Common Equity Tier 1 Capital: regulatory adjustments			
7	Prudential valuation adjustments	**-**	
8	Goodwill (net of related tax liability)	**(7,576)**	Table C
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	**(2,204)**	Table C
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	**-**	Table D
11	Cash-flow hedge reserve	**(459)**	
12	Shortfall of provisions to expected losses (1)	**(327)**	
13	Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)	**-**	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	**(113)**	
15	Defined benefit superannuation fund net assets	**-**	
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	**(1)**	
17	Reciprocal cross-holdings in common equity	**-**	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	**-**	Table G
19	Significant investments in the ordinary shares of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	**-**	Table G
20	Mortgage service rights (amount above 10% threshold)	**-**	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	**-**	Table D
22	Amount exceeding the 15% threshold	**-**	
23	of which: significant investments in the ordinary shares of financial entities	**-**	Table G
24	of which: mortgage servicing rights	**-**	
25	of which: deferred tax assets arising from temporary differences	**-**	Table D
	CET1 (Internationally Comparable)	**38,471**	

(1) Represents regulatory expected loss (pre-tax) using stressed loss given default assumptions associated with the loan portfolio in excess of eligible credit provisions of $102 million and general reserve for credit losses (post-tax) of $225 million.

9.1 Detailed Capital Disclosures Template (APS 330 Attachment A) (continued)

		31 Dec 14 Basel III $M	Reconciliation Table Reference
APRA Specific Regulatory Adjustments			
26	National specific regulatory adjustments (rows 26a, 26b, 26c, 26d, 26e, 26f, 26g, 26h, 26i, 26j)	-	
26a	of which: treasury shares	169	Table A
26b	of which: offset to dividends declared due to a dividend reinvestment plan (DRP), to the extent that the dividends are used to purchase new ordinary shares issued by the ADI	-	
26c	of which: deferred fee income	(145)	
26d	of which: equity investments in financial institutions not reported in rows 18, 19 and 23	(4,187)	Table G
26e	of which: deferred tax assets not reported in rows 10, 21 and 25	(1,024)	Table D
26f	of which: capitalised expenses	(341)	
26g	of which: investments in commercial (non-financial) entities that are deducted under APRA prudential requirements	(110)	Table G
26h	of which: covered bonds in excess of asset cover in pools	-	
26i	of which: undercapitalisation of a non-consolidated subsidiary	-	
26j	of which: other national specific regulatory adjustments not reported in rows 26a to 26i	(248)	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	
28	Total regulatory adjustments to CET1 (1)	(16,566)	
29	CET1 (APRA)	32,585	
Additional Tier 1 Capital: instruments			
30	Directly issued qualifying Additional Tier 1 instruments	-	
31	of which: classified as equity under applicable accounting standards	-	
32	of which: classified as liabilities under applicable accounting standards	5,000	Table E
33	Directly issued capital instruments subject to phase out from Additional Tier 1	2,908	Table E
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-	
35	of which: instruments issued by subsidiaries subject to phase out	505	Table E
36	Additional Tier 1 Capital before regulatory adjustments	8,413	Table E
Additional Tier 1 Capital: regulatory adjustments			
37	Investments in own Additional Tier 1 instruments	-	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
41	National specific regulatory adjustments (rows 41a, 41b, 41c)	-	
41a	of which: holdings of capital instruments in group members by other group members on behalf of third parties	-	
41b	of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 39 and 40	-	
41c	of which: other national specific regulatory adjustments not reported in rows 41a and 41b	-	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
43	Total regulatory adjustments to Additional Tier 1 Capital	-	
44	Additional Tier 1 Capital (AT1)	8,413	Table E
45	Tier 1 Capital (T1=CET1+AT1)	40,998	
Tier 2 Capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments	1,254	Table F
47	Directly issued capital instruments subject to phase out from Tier 2	2,493	Table F
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-	
49	of which: instruments issued by subsidiaries subject to phase out	-	
50	Provisions	186	
51	Tier 2 Capital before regulatory adjustments	3,933	

(1) Total regulatory adjustments to CET1 of $16,566 million in row 28 is net of APRA's allowance for treasury shares held by the group's employee share scheme trusts of $169 million as detailed in row 26a.

9.1 Detailed Capital Disclosures Template (APS 330 Attachment A) (continued)

		31 Dec 14 Basel III $M	Reconciliation Table Reference
Tier 2 Capital: regulatory adjustments			
52	Investments in own Tier 2 instruments	-	
53	Reciprocal cross-holdings in Tier 2 instruments	-	
54	Investments in the Tier 2 Capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
55	Significant investments in the Tier 2 Capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions	(30)	
56	National specific regulatory adjustments (rows 56a, 56b, 56c)	-	
56a	of which: holdings of capital instruments in group members by other group members on behalf of third parties	-	
56b	of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidation not reported in rows 54 and 55	-	
56c	of which: other national specific regulatory adjustments not reported in rows 56a and 56b	-	
57	Total regulatory adjustments to Tier 2 Capital	(30)	
58	Tier 2 Capital (T2)	3,903	
59	Total Capital (TC=T1+T2)	44,901	
60	Total risk-weighted assets based on APRA standards	353,048	
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of risk-weighted assets)	9.2%	
62	Tier 1 (as a percentage of risk-weighted assets)	11.6%	
63	Total Capital (as a percentage of risk-weighted assets)	12.7%	
64	Buffer requirement (minimum CET1 requirement of 4.5% plus capital conservation buffer of 2.5% plus any countercyclical buffer requirements, expressed as a percentage of risk-weighted assets)	-	
65	of which: capital conservation buffer requirement	-	
66	of which: ADI-specific countercyclical buffer requirements	-	
67	of which: G-SIB buffer requirement (not applicable)	-	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk-weighted assets)	-	
National minima			
69	National Common Equity Tier 1 minimum ratio	4.5%	
70	National Tier 1 minimum ratio	6.0%	
71	National total capital minimum ratio	8.0%	
Amount below thresholds for deductions (not risk-weighted)			
72	Non-significant investments in the capital of other financial entities	1,013	Table G
73	Significant investments in the ordinary shares of financial entities	3,174	Table G
74	Mortgage servicing rights (net of related tax liability)	-	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	1,024	Table D
Applicable caps on the inclusion of provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	186	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	577	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	1,592	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
82	Current cap on AT1 instruments subject to phase out arrangements	4,196	
83	Amount excluded from AT1 instruments due to cap (excess over cap after redemptions and maturities)	-	Table E
84	Current cap on Tier 2 instruments subject to phase out arrangements	2,579	
85	Amount excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)	-	Table F

9.2 Regulatory Balance Sheet

The following table provides details on the Commonwealth Bank of Australia Group's Balance Sheet and the Level 2 [1] Regulatory Balance Sheet as at 31 December 2014.

	Group Balance Sheet $M	Adjustment [2] $M	Level 2 Regulatory Balance Sheet $M	Template/ Reconciliation Table Reference
Assets				
Cash and liquid assets	**30,047**	(398)	29,649	
Receivables due from other financial institutions	**8,488**	(100)	8,388	
Assets at fair value through Income Statement:				
Trading	**29,931**	(239)	29,692	
Insurance	**14,418**	(14,418)	-	
Other	**624**	(240)	384	
Derivative assets	**53,489**	29	53,518	
Available-for-sale investments	**69,591**	(201)	69,390	Table G
Loans, bills discounted and other receivables	**620,328**	(1,520)	618,808	
Bank acceptances of customers	**2,026**	-	2,026	
Investment in regulatory non consolidated subsidiaries [3]	**-**	1,307	1,307	Table G
Property, plant and equipment	**2,689**	(35)	2,654	
Investment in associates	**2,102**	(151)	1,951	Table G
Intangible assets	**9,881**	-	9,881	Table C
Deferred tax assets	**418**	151	569	Table D
Other assets	**6,682**	(1,531)	5,151	
Total assets	**850,714**	(17,346)	**833,368**	
Liabilities				
Deposits and other public borrowings	**522,563**	3,165	525,728	
Payables due to other financial institutions	**33,957**	1	33,958	
Liabilities at fair value through Income Statement	**7,246**	-	7,246	
Derivative liabilities	**43,162**	(34)	43,128	
Bank acceptances	**2,026**	-	2,026	
Current tax liabilities	**524**	(41)	483	
Deferred tax liabilities	**385**	(385)	-	Table D
Other provisions	**1,375**	(234)	1,141	
Insurance policy liabilities	**13,177**	(13,177)	-	
Debt issues	**153,249**	(3,765)	149,484	
Managed funds units on issue	**1,058**	(1,058)	-	
Bills payable and other liabilities	**9,391**	(1,408)	7,983	
Loan capital	**11,570**	-	11,570	Table E
Total liabilities	**799,683**	(16,936)	782,747	
Net assets	**51,031**	(410)	50,621	
Shareholders' equity				
Share capital:				
Ordinary share capital	**27,039**	118	27,157	Row 1, Table A
Other equity instruments	**939**	-	939	Table E
Reserves	**2,674**	(126)	2,548	Row 3
Retained profits	**19,823**	(377)	19,446	Row 2
Shareholders' equity attributable to Equity holders of the Bank	**50,475**	(385)	50,090	
Non-controlling interests	**556**	(25)	531	Table B
Total Shareholders' Equity	**51,031**	(410)	50,621	

(1) Level 2 balance sheet based on historic definition of Level 2 Group, prior to APRA clarification provided in May 2014.

(2) Reflects the deconsolidation of the Insurance and funds management entities and those entities through which securitisation of the Group's assets are conducted. These entities are classified as non-consolidated subsidiaries by APRA and are excluded from the Level 2 Regulatory Consolidated Banking Group.

(3) Represents the tangible investment in non-consolidated subsidiaries only. No adjustment has been made to the intangible component of the investment as APRA requires this to be deducted in full from CET1.

9.3 Reconciliation between Detailed Capital Template and Regulatory Balance Sheet

The following tables provide additional information on the differences between the detailed capital disclosures (section 9.1) and the Regulatory Balance Sheet (section 9.2).

Table A	31 Dec 14 $M	Template Reference
Share Capital		
Ordinary Share Capital	27,039	
Add Treasury Shares held by the Group's life insurance operations	118	
Total per Balance Sheet (Ordinary Share Capital Internationally Comparable) [(1)]	27,157	Row 1
Treasury Shares held by the Group's employee share scheme trusts (APRA specific adjustment)	169	Row 26a
Total Ordinary Share Capital and Treasury Shares (APRA)	27,326	

Table B	31 Dec 14 $M	Template Reference
Non Controlling Interests		
Total per Balance Sheet [(1)]	531	
Less ASB perpetual Shares transferred to Additional Tier 1 Capital (refer Table E)	(505)	
Less other non controlling interests not included in capital	(26)	
Total per Capital Template (APRA and Internationally Comparable)	-	Row 5

Table C	31 Dec 14 $M	Template Reference
Goodwill & Other Intangibles		
Total per Balance Sheet [(1)]	9,881	
Less capitalised software and other intangibles separately disclosed in template	(2,305)	
Total per Capital Template - Goodwill (APRA and Internationally Comparable)	7,576	Row 8
Capitalised software	1,979	
Other intangibles	326	
Total per Balance Sheet	2,305	
Less DTL associated with other intangibles	(101)	
Total per Capital Template - Other Intangibles (APRA and Internationally Comparable)	2,204	Row 9

Table D	31 Dec 14 $M	Template Reference
Deferred Tax Assets		
Deferred tax asset per Balance Sheet [(1)]	569	
Less deferred tax liability per Balance Sheet [(1)]	-	
Net Deferred Tax Assets [(2)]	569	
Add back deferred tax liability associated with other intangibles	101	
Add deferred tax asset associated with General reserve for credit losses	96	
Adjustments required in accordance with APRA prudential standards [(3)]	258	
Deferred tax asset adjustment before applying prescribed thresholds (APRA specific adjustment)	1,024	Row 26e
Less amounts below prescribed threshold - risk weighted [(4)]	(1,024)	Row 75
Total per Capital Template (Internationally Comparable)	-	Row 10, 21, 25

(1) Represents the balance per Level 2 Regulatory Balance Sheet.
(2) Represents the balance of deferred tax asset net of deferred tax liability per Level 2 Regulatory Balance Sheet.
(3) Represents the deferred tax balances associated with reserves ineligible for inclusion in regulatory capital and the impact of limitations of netting of balances within the same geographic tax authority.
(4) The BCBS allows these items to be risk-weighted at 250% if the balance falls below prescribed threshold levels. APRA require these to be deducted from CET 1.

9.3 Reconciliation between Detailed Capital Template and Regulatory Balance Sheet (continued)

Table E	$M	Reference
Additional Tier 1 Capital		
Total Loan Capital per Balance Sheet [1]	11,570	
Less fair value hedge adjustments [2]	(478)	
Total Loan Capital net of issue costs at their contractual values	11,092	
Less amount related to Tier 2 Capital Instruments	(4,193)	
Total Tier 1 Loan Capital	6,899	
Add ASB perpetual Shares transferred from Non Controlling interest (refer Table B)	505	
Add other equity instruments included in share capital [3]	939	
Add issue costs [4]	70	
Less Basel III transitional relief amortisation for directly issued instruments [5]	-	Row 83
Less Basel III transitional relief amortisation for instruments issued by subsidiaries [5]	-	Row 83
Total per Capital Template	8,413	Row 36, 44
Additional Tier 1 Capital Instruments comprises		
Basel III Complying Instruments		
PERLS VI	2,000	
PERLS VII [6]	3,000	
	5,000	Row 32
Basel III Non Complying Instruments		
PERLS III	1,166	
TPS 03	672	
TPS 06 [3] [4]	948	
Other Instruments	122	
Less Basel III transitional relief amortisation for directly issued instruments [5]	-	Row 83
	2,908	Row 33
Basel III Non Complying Instruments - issued by subsidiaries		
ASB preference shares	505	
Less Basel III transitional relief amortisation for instruments issued by subsidiaries [5]	-	Row 83
	505	Row 35
Total Basel III Non Complying Instruments	3,413	
Total Additional Tier 1 Capital Instruments (APRA and Internationally Comparable)	8,413	Row 36, 44

Table F	31 Dec 14 $M	Template Reference
Tier 2 Capital Instruments		
Total included in Balance Sheet	4,193	
Less amount of Tier 2 debt issued by subsidiary ineligible for inclusion in the Group's Capital [7]	(129)	
Add issue costs [4]	13	
Less amortisation of instruments [8]	(330)	
Less Basel III transitional relief amortisation for directly issued instruments [5]	-	Row 85
Total per Capital Template (APRA and Internationally Comparable)	3,747	Row 46, 47

Details on the main features of Capital instruments included in the Group's Regulatory Capital, (Ordinary Share Capital, Additional Tier 1 Capital and Tier 2 Capital) as required by APS 330 Attachment B can be found at www.commbank.com.au/about-us/investors/shareholders.

(1) Represents the balance per Level 2 Regulatory balance sheet.
(2) For regulatory capital purposes, APRA requires these instruments to be included as if they were unhedged.
(3) Represents Trust Preferred Securities 2006 issued on 15 March 2006.
(4) Unamortised issue costs relating to capital instruments are netted off against each instrument in the balance sheet. For regulatory capital purposes, these capital instruments are shown at face value. The unamortised issue costs are deducted from CET1 as part of capitalised expenses in Row 26f in the Capital template.
(5) Basel III transitional arrangements apply to directly issued capital instruments and instruments issued by subsidiaries not compliant with the new Basel III requirements.
(6) In October 2014, the Bank issued $3 billion of Commbank PERLS VII Capital Notes (PERLS VII), a Basel III compliant Additional Tier 1 security.
(7) In April 2014 the Group issued NZD$400 million ASB Subordinated Notes through ASB, its New Zealand subsidiary. The notes are Basel III compliant Tier 2 securities and fully contribute towards ASB capital ratios. The amount of these notes that contributes to ASB capital in excess of its minimum regulatory requirements is not eligible for inclusion in the Group's capital (31 December 2014 ineligible amount AUD $129 million).
(8) APRA requires these instruments to be amortised by 20% of the original amount during each of the last five years to maturity. This is in addition to Basel III transitional arrangements.

9.3 Reconciliation between Detailed Capital Template and Regulatory Balance Sheet (continued)

Table G	31 Dec 14 $M	Template Reference
Equity Investments		
Investment in commercial entities	**110**	Row 26g
Investments in significant financial entities	**1,867**	Row 26d, 73
Investments in non-significant financial entities	**1,013**	Row 26d, 72
	2,990	
Equity investment in non consolidated subsidiaries	**1,307**	Row 26d, 73
Total Equity Investments before applying prescribed thresholds APRA specific adjustment (1)	**4,297**	
Less amounts risk weighted under Internationally Comparable (2)	**(4,297)**	
Total per Capital Template (Internationally Comparable)	**-**	Row 18, 19, 23

(1) Equity Investments are classified in the Level 2 Regulatory Balance Sheet across Investments in Associates, Assets held for Sale, Available-for-Sale Securities and Investment in non-consolidated subsidiaries. In addition, the Group has undrawn commitments (off balance sheet) which are deemed in the nature of equity for Regulatory Capital purposes.

(2) The aggregate of investments in significant financial entities of $1,867 million, investments in non-significant financial entities of $1,013 million and equity investment in non-consolidated subsidiaries of $1,307 million is a total of $4,187 million and is included in row 26d in the Capital template. The BCBS allows for equity investments to be concessionally risk weighted provided they are below prescribed thresholds. APRA requires such items to be deducted 100% from CET1 capital. The remaining balance of $110 million related to Investments in commercial entities are risk weighted under Internationally Comparable methodology, with no prescribed threshold limits.

9.4 Entities excluded from Level 2 Regulatory Consolidated Group

The legal entities included within the accounting scope of consolidation, but excluded from the Level 2 [(1)] regulatory consolidated Group are detailed below.

The total assets and liabilities should not be aggregated as some of the entities listed are holding companies for other entities included in the table below.

Entity name	Total Assets $M	Total Liabilities $M
(a) Securitisation		
Medallion Trust Series 2006-1G	603	603
Medallion Trust Series 2007-1G	1,099	1,099
Swan Trust Series 2007-1E	411	411
Swan Trust Series 2010-1	175	175

Entity name	Total Assets $M	Total Liabilities $M
(b) Insurance and Funds Management		
Advice Essentials Pty Limited	1	-
ASB Group (Life) Limited	787	-
Avanteos Investments Limited	47	15
Avanteos Pty Ltd	7	4
BW Financial Advice Limited	6	-
BW Securitisation Management Pty Ltd	8	-
Capital 121 Pty Limited	1,590	-
CFS Managed Property Limited	16	6
CFSPAI Europe Co Limited	1	-
CFSPAI Europe Holdco Limited	-	-
CISL (Hazelwood) Pty. Limited	-	-
CLL Property Trust	2	-
CMG Asia Life Holdings Limited	25	-
CMG Asia Pty Ltd	16	1
Colonial (UK) Trustees Limited	-	-
Colonial Finance Limited	17	4
Colonial Financial Corporation Ltd	-	-
Colonial First State Asset Management (Australia) Limited	59	46
Colonial First State Group Limited	281	2
Colonial First State Investment Managers (UK) Limited	4	-
Colonial First State Investments (NZ) Limited	-	-
Colonial First State Investments Limited	467	266
Colonial First State Property Limited	61	40
Colonial First State Property Retail Pty Limited	-	-
Colonial Holding Company Limited	7,914	2,349
Colonial LGA Holdings Pty Limited	-	-
Colonial Mutual Superannuation Pty Ltd	17	1
Colonial Services Pty Limited	-	-
Commonwealth Custodial Services Limited	-	-
Commonwealth Financial Planning Limited	79	69
Commonwealth Insurance Holdings Limited	7,312	-
Commonwealth Insurance Limited	935	660
Commonwealth Investment Services Pty Limited	-	-
Commwealth International Holdings Pty Ltd	62	1

(1) The Level 2 Regulatory Consolidated group is based on the historic definition of the Level 2 Group, prior to APRA clarification provided in May 2014.

9.4 Entities excluded from Level 2 Regulatory Consolidated Group (continued)

Entity name	Total Assets $M	Total Liabilities $M
Copacabana Beach Pty Limited	-	-
Count Finance Pty Limited	1	-
Count Financial Limited	50	14
Emerald Holding Company Limited	-	-
Financial Wisdom Limited	32	18
Finconnect (Australia) Pty Ltd	52	7
First State (Hong Kong) LLC	-	-
First State European Diversified Infrastructure Sarl	1	1
First State Investment Management (UK) Limited	121	-
First State Investment Managers (Asia) Limited	46	-
First State Investment Services (UK) Limited	126	106
First State Investments (Hong Kong) Limited	152	57
First State Investments (NZ) Limited	1	-
First State Investments (Singapore)	103	51
First State Investments (UK Holdings) Limited	107	-
First State Investments (UK) Limited	153	137
First State Investments Fund Management Sarl	16	14
First State Investments GIP Management Sarl	2	1
First State Investments Holdings (Singapore) Limited	17	-
First State Investments International Inc	-	-
First State Investments International Limited	87	9
First State Nominees (Hong Kong) Limited	-	-
FSIB Ltd.	25	-
FSIC Ltd.	-	-
Harboard Beach Pty Ltd	-	-
Jacques Martin Administration and Consulting Pty Ltd	4	-
Jacques Martin Pty. Ltd.	3	-
KIP NZ Limited	1	-
Kiwi Property Management Limited	1	-
Premium Alternative Investments Pty Limited	-	-
Premium Plantations Pty Limited	-	-
Premium Plantations Services Pty Limited	-	-
PT Commonwealth Life	675	538
PT First State Investments Indonesia	8	5
Realindex Investments Pty Limited	10	7
Securitisation Advisory Services Pty. Limited	37	16
SI Holdings Limited	67	-
Sovereign Assurance Company Limited	1,909	1,544
Sovereign Services Limited	51	15
Sovereign Superannuation Funds Limited	8	1
Sovereign Superannuation Trustees Limited	-	-
St Andrew's Australia Pty Ltd	-	-
The Colonial Mutual Life Assurance Society Limited	13,627	12,097
Torquay Beach Pty Ltd	-	-
Total Keen Investment Limited	-	-
Westside Properties Limited	24	1
Whittaker Macnaught Pty. Ltd.	7	1

9.5 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" paragraph 11, and Attachments A, C and D.

9.6 List of Supplemental Tables and Diagrams

9.7 Glossary

Term	Definition
Additional Tier 1 Capital	Additional Tier 1 Capital is a Basel III defined concept and consists of high quality capital that essentially includes providing a permanent and unrestricted commitment of funds, is freely available to absorb losses, ranks behind the claims of depositors and other more senior creditors in the event of a wind-up, and provides for fully discretionary capital distributions.
Australian Accounting Standards	The Australian Accounting Standards as issued by the Australian Accounting Standards Board.
Authorised Deposit-taking Institution (ADI)	Includes banks, building societies and credit unions which are authorised by APRA to take deposits from customers.
Advanced Internal Ratings Based (AIRB) Approach	Used to measure credit risk in accordance with the Group's Basel III accreditation that allows the Group to use internal estimates of PD, LGD and EAD for the purposes of calculating regulatory capital.
Advanced Measurement Approach (AMA)	Used to measure operational risk in accordance with the Group's Basel III accreditation that allows the Group to use its own internal model for the purposes of calculating regulatory capital.
Australian Prudential Regulation Authority (APRA)	The regulator of banks, insurance companies and superannuation funds, credit unions, building societies and friendly societies in Australia.
ADI Prudential Standards (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 ADIs 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.
Basel 2.5	Refers to the Basel II framework revised (2009) to include additional requirements such as the Incremental Risk Charge (IRC), Stressed VaR (SVaR), the treatment of securitisation exposures and the Comprehensive Risk Measure (CRM) for certain correlation trading activities.
Basel III	Refers to the Basel Committee on Banking Supervision's framework for more resilient banks and banking systems issued December 2010 (revised June 2011) and Capital requirements for bank exposures to central counterparties (July 2012).
CBA	Commonwealth Bank of Australia – the head entity of the Group.
Central counterparty (CCP)	A clearing house that interposes itself between counterparties to contracts traded in one or more financial markets, thereby ensuring the future performance of open contracts.
Common Equity Tier 1 (CET1) Capital	The highest quality of capital available to the Group reflecting the permanent and unrestricted commitment of funds that are freely available to absorb losses. It comprises ordinary 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.

9.7 Glossary (continued)

Term	Definition
Credit Valuation Adjustment (CVA) Risk	The risk of mark-to-market losses related to deterioration in the credit quality of a derivative counterparty.
Exposure at Default (EAD)	The extent to which a bank may be exposed upon default of an obligor.
External Credit Assessment Institution (ECAI)	For example Moody's, Standard & Poor's or Fitch.
Extended Licenced Entity (ELE)	APRA may deem an entity 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 (GRCL)	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 CET1 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 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.
Interest Rate Risk in the Banking Book (IRRBB)	The risk that the Bank's profit derived from Net Interest Income (interest earned less interest paid), in current and future periods, is adversely impacted from changes in interest rates. This is measured from two perspectives; firstly by quantifying the change in the net present value of the balance sheet's future earnings potential and secondly, as the anticipated change to the Net Interest Income earned over 12 months. The APS117 IRRBB regulatory capital requirement is calculated using the net present value approach.
Level 1	Represents the ADI and each entity 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 the insurance and funds management entities through which securitisation of Group assets is conducted. 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.
Loss Given Default (LGD)	The fraction of EAD that is not expected to be recovered following default.
Other Assets	APS asset class – primarily includes Cash, Investments in Related Entities, Fixed Assets and Margin Lending.
Other Retail	APS asset class – primarily includes retail credit exposures not otherwise classed as a residential mortgage, SME retail or a qualifying revolving retail asset.
Prudential Capital Requirement (PCR)	Represents the minimum capital requirement set by APRA that an ADI must maintain across CET1, Tier 1 Capital and Total Capital.
Probability of Default (PD)	The likelihood that a debtor fails to meet an obligation or contractual commitment.
Qualifying Revolving Retail (QRR)	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 – retail exposures that are secured by residential mortgage property.

9.7 Glossary (continued)

Term	Definition
RBA	Reserve Bank of Australia.
RBNZ	Reserve Bank of New Zealand.
Risk Weighted Assets (RWA)	The value of the Group's on and off-balance sheet assets are adjusted by 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 of 1.06.
Securitisation	APS asset class – Group-originated securitised exposures and the provision of facilities to customers in relation to securitisation activities.
SME Corporate	APS asset class – 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 – Small and Medium Enterprise (SME) exposures up to $1 million that are not secured by residential mortgage property.
SME Retail Secured by Residential Mortgage	Small and Medium Enterprise (SME) exposures up to $1 million that are partly or fully secured by residential mortgage property.
Sovereign	APS asset class – claims on Australian and foreign governments, also includes claims on central banks (including Reserve Bank of Australia), international banking agencies and regional development banks.
Specialised Lending	APS asset classes subject to the supervisory slotting approach and which include Income Producing Real Estate (IPRE), object finance, project finance and commodity finance.
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).
Stress VAR	Stressed Value at Risk uses the same methodology as Value at Risk (VaR) except that the historical data used is taken from a one year observation period of significant market volatility as seen during the Global Financial Crisis.
Tier 1 Capital	Comprises CET1 and Additional Tier 1 Capital.
Tier 2 Capital	Capital items that fall short of the necessary conditions to qualify as Tier 1 Capital.