November 24, 2022

Commonwealth Bank of Australia

Recent Developments

The information set forth below is not complete and should be read in conjunction with the information contained on the "Supplementary business and financial disclosure" page of the U.S. investor website of the Commonwealth Bank of Australia (the "Group" or the "Bank") at https://www.commbank.com.au/about-us/investors/us-investors.html (the "U.S. Investor Website"). This "Recent Developments" release supplements and, to the extent inconsistent with any information previously included on the U.S. Investor Website, amends and supersedes such information.

This "Recent Developments" release contains certain forward-looking statements which involve known and unknown risks and uncertainties. Such forward-looking statements, including economic forecasts and assumptions and business and financial projections, involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. See "Special Note Regarding Forward-Looking Statements" in the Group's Annual U.S. Disclosure Document for the year ended June 30, 2022 included on the U.S. Investor Website (the "2022 Annual U.S. Disclosure Document").

References to "$" are to Australian Dollars.

Trading Update for the Quarter Ended September 30, 2022

All financial results are presented on a "continuing operations" basis, consistent with the financial disclosures in the 2022 Annual U.S. Disclosure Document. For more information on the Group's discontinued operations, see page 6 of the 2022 Annual U.S. Disclosure Document and Note 11.3 to the Group's consolidated financial statements for the year ended June 30, 2022 included on the U.S. Investor Website (the "2022 Financial Report").

Unless otherwise noted, all comparisons against the results for the quarter ended September 30, 2022 (the "quarter", "Sep 22" or "1Q23") are to the simple average of the results from the quarter ended March 31, 2022 and the quarter ended June 30, 2022 (the "2H22 Quarterly Average"). All comparisons of the quarter to the 2H22 Quarterly Average are not comparable to, and should not be taken to be comparable to, comparisons to the quarter ended June 30, 2022 ("Jun 22"). References to "2H22" mean the second fiscal half year ended June 30, 2022.

Unless otherwise noted, the income and expenses used to calculate in the 2H22 Quarterly Average exclude non-recurring and significant one-off items experienced in 2H22, including $516 million of operating income received from the sale of the Group's approximate 10% shareholding in Bank of Hangzhou and $389 million of expenses related to accelerated software amortization. For more information on the sale of the Group's stake in the Bank of Hangzhou, see page 7 of the 2022 Annual U.S. Disclosure Document and Note 11.3 to the 2022 Financial Report.

The unaudited net profit after tax ("statutory basis") and unaudited net profit after tax ("cash basis") figures presented have been rounded to the nearest $100 million.

The sources for the volume growth statistics presented are the Reserve Bank of Australia's ("RBA") Lending and Credit Aggregates (Home and Business Lending excluding Institutional Banking and Markets) and the Australian Prudential Regulatory Authority's ("APRA") Monthly Authorised Deposit Taking Institution ("ADI") Statistics (Household Deposits). The related CBA business lending system multiple estimate is based on the Group's Business Banking growth rate (excluding Institutional Banking and Markets) over published APRA and RBA Total Business Lending data (excluding estimated Institutional Lending balances).

Refer to Annex A for a reconciliation of key financials.

Summary

On November 15, 2022, the Group advised of the following results for the quarter:

- Unaudited net profit after tax ("statutory basis") was approximately $2.7 billion.
- Unaudited net profit after tax ("cash basis")[1] was approximately $2.5 billion, an increase of 2%.
- Income increased 9%, driven by higher margins and volume growth, partly offset by reduced non-interest income.
- Expenses excluding remediation costs increased approximately 4.5%, with higher staff costs partly offset by lower software amortization and occupancy costs.
- Operating performance (operating income less operating expenses) increased 12% on the 2H22 Quarterly Average, and increased 16% compared to the quarter ended September 30, 2021 ("1Q21" or "Sep 21").
- Portfolio credit quality remained sound, with favorable trends in key credit quality indicators.
- Loan impairment expense was $222 million, with collective provisions slightly higher.
- Balance sheet settings were maintained, with a customer deposit funding ratio of 75%, Net Stable Funding Ratio ("NSFR") of 129% and Liquidity Coverage Ratio ("LCR") of 134%.
- Common Equity Tier 1 ("CET1") ratio of 11.1% as at September 30, 2022, an increase of 31 basis points ("bpts") before taking into account the $3.6 billion in 2H22 dividend payments to over 870,000 shareholders in the quarter.

Cash NPAT
Unaudited

~$2.5bn

▲ 2% vs 2H22 Qtr Avg

Volume Growth

	Sep 22 vs Jun 22	Sep 22 vs Sep 21	
	Bal Growth ($bn)	Growth Rate	System Multiple
Household deposits	7.9	8.6%	0.9x
Home lending	5.1	6.3%	0.9x
Business lending	1.6	12.6%	1.2x

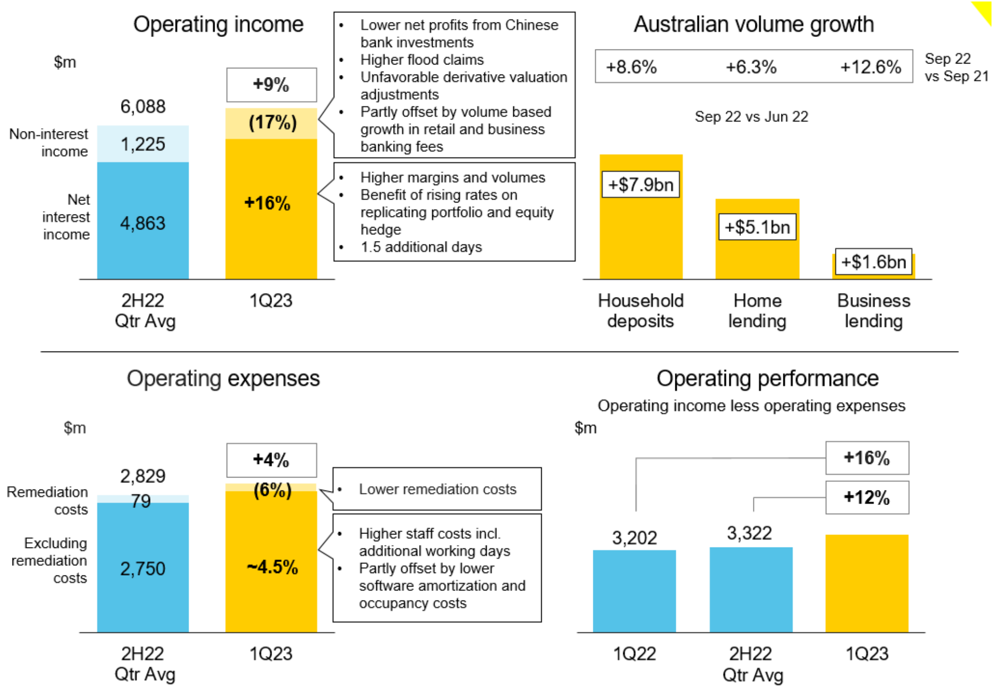
CET1 Ratio
Level 2

11.1%

▲ 31bpts vs Jun 22 (excl. dividend)

[1] Except as expressly noted, this update is based on the Group's net profit after tax ("cash basis"), which is prepared on a different basis than Australian equivalents to International Financial Reporting Standards ("IFRS"). It is not a measure based on cash accounting or cash flows. Net profit after tax ("cash basis") is used by management of the Group to present a view of the Group's underlying operating results, excluding items that management believes introduce volatility and/or one-off distortions of the Group's current period performance. These items, such as hedging and IFRS volatility, and gains or losses (including post-completion adjustments) associated with the acquisition, disposal and deconsolidation of businesses, are calculated consistently period on period and do not discriminate between positive and negative adjustments. For a more detailed description of these items, refer to page 10 of the 2022 Annual U.S. Disclosure Document.

Operating Performance



- Operating income was 9% higher in the quarter, with net interest income up 16%, partly offset by lower non-interest income.

- Net interest income growth of 16% was driven by higher deposit earnings, volume growth across core products, the benefit of rising rates on the Group's replicating portfolio[2] and equity hedge balances and 1.5 additional days in the quarter, partly offset by the impact of competition and rising rates on lending products.

- Volume growth continued in home lending, household deposits and business lending in the quarter. The Group's disciplined approach to managing volume and margin in a highly competitive market delivered balance growth of $5.1 billion in home lending, slightly below system. Business lending continued to grow at above-system levels year-on-year, with growth across a diverse range of sectors. Household deposits grew below system at $7.9 billion in the quarter.

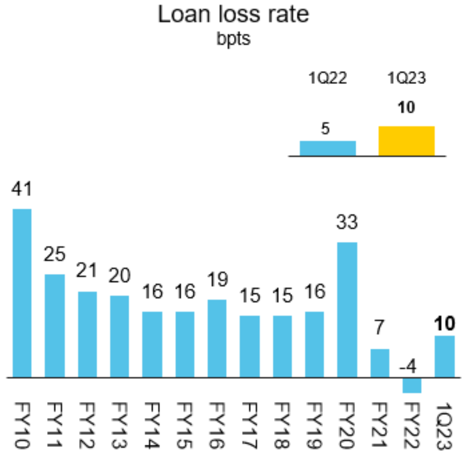
- Non-interest income was 17% lower, primarily driven by lower net profits from Chinese bank investments (including the impact of the partial sale of the Group's stake in the Bank of Hangzhou) and lower insurance income due to the New South Wales and Western Australia floods, partly offset by higher volume driven retail foreign exchange, cards, business lending and merchant fee income.

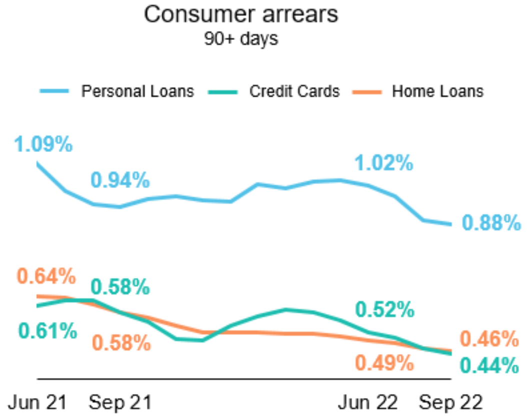
- Operating expenses excluding remediation costs were approximately 4.5% higher, with higher staff costs driven by wage inflation, additional working days and seasonally lower annual leave usage, partly offset by lower software amortization and occupancy costs.

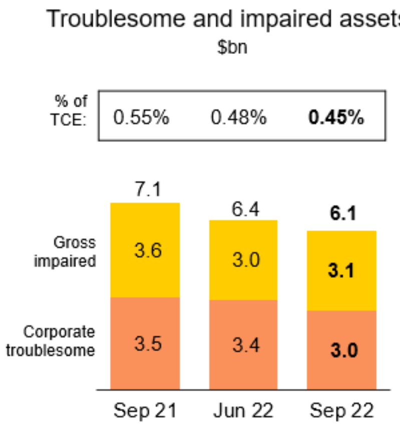
- Operating performance was up 12% on the 2H22 Quarterly Average, and 16% higher than 1Q22.

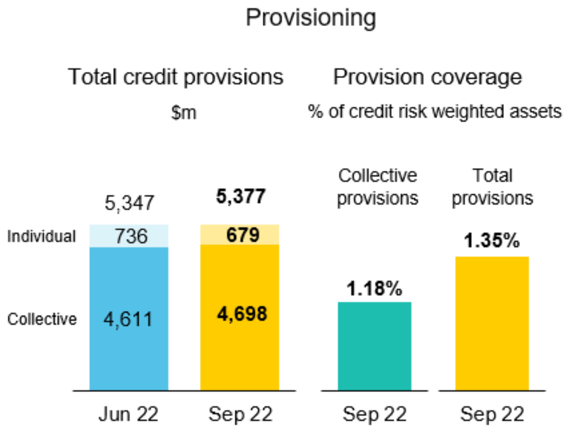
[2] The Group's replicating portfolio is designed to stabilize the net interest earnings of the bank through interest rate cycles. It comprises a portfolio of interest rate swaps acting as a partial economic hedge for assets and liabilities that have an imperfect correlation between the cash rate and the product interest rate (e.g. if the cash rate increases or decreases, non-interest bearing deposits cannot be re-priced to match the change in the cash rate).

Provisions and Credit Quality









Note regarding loan loss rate:	Loan impairment expense as a percentage of average gross loans and acceptances annualized.
Note regarding consumer arrears:	Consumer arrears includes retail portfolios of Retail Banking Services, Business Banking and New Zealand.
Note regarding home loan arrears:	Excludes Reverse Mortgage, Commonwealth Portfolio Loan and Residential Mortgage Group loans.

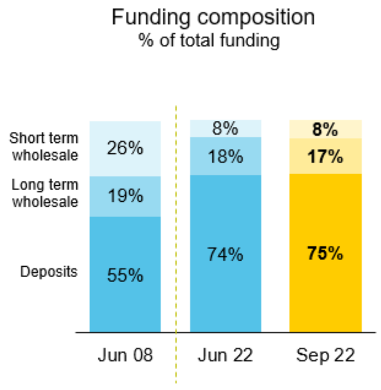
- Key credit quality indicators improved in the quarter, including lower consumer arrears and reduced levels of Troublesome and Impaired Assets. Loan impairment expense was $222 million in the quarter, or 10 basis points of average Gross Loans and Acceptances.

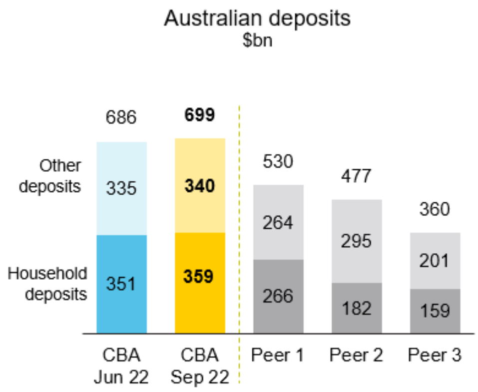
- Home loan arrears remained low, supported by a strong labor market. Consumer Finance arrears improved in the quarter (-8 basis points and -14 basis points for Credit Cards and Personal Loans, respectively) in line with seasonal trends and underpinned by low levels of unemployment.

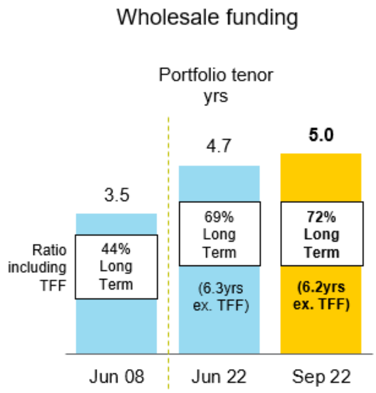
- Troublesome and Impaired Assets were lower at $6.1 billion or 0.45% of Total Committed Exposures (“TCE”), reflecting movements in single name exposures across sectors.

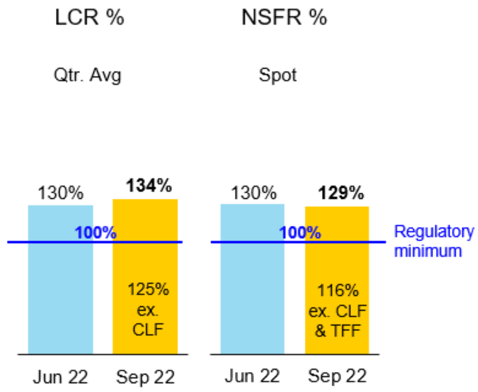
- Total credit provisions were $5.4 billion, with slightly higher collective provisions of $4.7 billion and a reduction in individual provisions.

Funding and Liquidity









Note regarding Australian deposits: Source: APRA monthly ADI Statistics for peer information. Total deposits (excluding CDs). As at September 30, 2022.

Note regarding wholesale funding: Long Term Funding ratio includes Term Funding Facility ("TFF") drawdowns, which is low cost three-year funding provided by the RBA to ADIs on a secured basis in response to the COVID-19 pandemic. Weighted average tenor calculation is presented both including and excluding TFF.

Note regarding LCR excluding CLF: LCR numerator excludes the size of the Bank's available Committed Liquidity Facility ("CLF"), which is access to contingent liquidity provided by the RBA to ADIs on a secured basis in a period of liquidity stress.

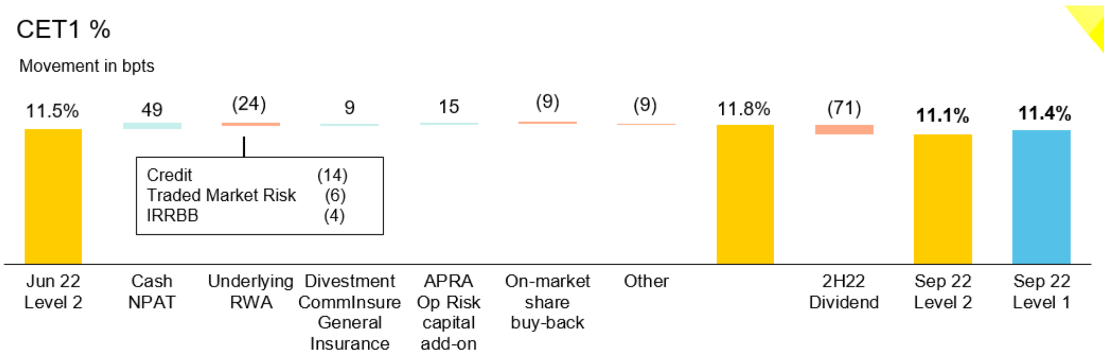
Note regarding NSFR excluding CLF and TFF: NSFR numerator (Available Stable Funding) excludes the size of the Bank's TFF drawdowns. NSFR denominator (Required Stable Funding) increases weighting for mortgages used as collateral for the CLF and TFF by 55%, such that it receives the 65% Required Stable Funding weighting applicable to unencumbered residential mortgages.

- The Bank believes balance sheet settings remained strong in the quarter, with customer deposit funding increasing to 75% of total funding.

- The Bank believes its wholesale funding position was further strengthened in the quarter, with a 72% long term funding mix and a weighted average portfolio tenor of 5 years. Progress has been made on funding requirements for the year ended June 30, 2023, with approximately $14 billion of new long term wholesale funding issued since June 30, 2022 to November 14, 2022 across multiple markets and products, despite volatile financial market conditions.

- The Bank's NSFR and LCR remained well above regulatory minimums after taking into account the phased reduction in the usage of the CLF, which remains on track.

Capital



Note regarding Credit:	Excludes impact of foreign exchange movements, which is included in 'Other'.
Note regarding Cash NPAT:	Excludes equity accounted profits from investments which are neutral from a regulatory capital perspective due to the offsetting increase in capital deductions.
Note regarding Other:	Includes the impact of intangibles, additional equity investments, foreign exchange impact on Credit Risk Weighted Assets ("RWA") and movements in reserves.
Note regarding 2H22 Dividend:	2H22 dividend included the on market purchase of shares in respect of the Group's Dividend Reinvestment Plan.

- The Group retains what it believes to be a strong capital position with a CET1 (Level 2) ratio of 11.1% as at September 30, 2022, well above the current regulatory requirement. Excluding the impact of the 2H22 dividend (-71 basis points), the CET1 ratio increased by 31 basis points in the quarter. Capital generated from earnings contributed 49 basis points, with further positive contributions from the removal of the remaining $500 million of APRA's operational risk capital add-on (+15 basis points) (for more information on the removal of the add on see "Group Announces Satisfaction of Obligations under Enforceable Undertaking Related to Prudential Inquiry" below) and the completion of the divestment of CommInsure General Insurance (+9 basis points) (for more information on the divestment of CommInsure General Insurance, see "Group Announces Completion of Sale of CommInsure General Insurance" below). These were partially offset by an increase in Risk Weighted Assets ("RWA") (-24 basis points), further progress on the previously announced $2 billion on-market share buy-back (-9 basis points) and other regulatory adjustments (-9 basis points). As at November 14, 2022, the Group had completed approximately $1.5 billion of the $2 billion buy-back, with the remainder expected to be completed by the end of the 2022 calendar year, subject to market conditions, available trading windows and other considerations.

- Credit RWA (excluding foreign exchange) increased by $6.3 billion (-14 basis points) in the quarter, largely reflecting volume growth across residential mortgages, commercial portfolios and derivatives. Traded Market Risk increased by $2.8 billion (-6 basis points) driven by increased client activity, while Interest Rate Risk in the Banking Book ("IRRBB") increased by $1.8 billion (-4 basis points) due to higher interest rates.

- CBA's Level 2 Tier 1 and Total Capital ratios at September 30, 2022 were 13.2% and 17.5% respectively. The issuance of $1,777 million of CommBank PERLS XV Capital Notes in November will partly refinance the upcoming redemption of CommBank PERLS VII Capital Notes. PERLS XV qualify as Basel III compliant Additional Tier 1 Capital of CBA.

- CBA's Level 1 CET1 ratio as at September 30, 2022 was 11.4%, 30 basis points above Level 2.

- The Group believes it is well placed to accommodate changes under APRA's new capital framework effective January 1, 2023, and expects to operate with a post-dividend CET1 ratio over 11% (compared to the revised APRA minimum of 10.25%) except in circumstances of unexpected capital volatility.

Basel III Pillar 3 Capital Adequacy and Risks Disclosures as at September 30, 2022

On November 15, 2022, the Group released its Basel III Pillar 3 Capital Adequacy and Risks Disclosures as at September 30, 2022. That release is attached as Annex B hereto.

Agreement Reached to Settle Consumer Credit Insurance Class Action

On November 14, 2022, the Group noted that following a Court ordered mediation, a settlement has been reached in relation to the consumer credit insurance ("CCI") class action commenced in June 2020 against the Group and other defendants. The settlement, which also resolves the proceedings for the other defendants, is subject to Court approval.

If the Court approves the settlement sum of $50 million, group members will be able to register for the settlement distribution scheme. The settlement distribution scheme will determine if individual group members are entitled to recover a share of the settlement sum, after accounting for any deductions which may be approved by the Court, such as legal fees charged by applicants' lawyers.

The CCI class action relates to CCI for credit cards and personal loans that were sold between January 1, 2010 and March 7, 2018. In agreeing to resolve the litigation, neither of the Group nor any of the other defendants make any admissions of liability. For further details on the CCI class action, see page 122 of U.S. Annual Disclosure Document and Note 7.1 to the 2022 Financial Report.

Satisfaction of Obligations under Enforceable Undertaking Related to Prudential Inquiry

On September 30, 2022, the Group acknowledged APRA's announcement that the Group had met its obligations under the enforceable undertaking related to the Prudential Inquiry. As a result, the remaining operational risk capital overlay of $500 million imposed on the Group was released effective September 30, 2022. This represented an increase in CET1 capital of 15 basis points. For further details on the Prudential Inquiry and related enforceable undertaking, see page 124 of U.S. Annual Disclosure Document and Note 7.1 to the 2022 Financial Report.

Completion of Sale of CommInsure General Insurance

On September 30, 2022, CBA also announced that it completed the sale of Commonwealth Insurance Limited, its Australian general insurance business, to Hollard Holdings Australia Pty Ltd. The completion of the transaction increased the Group's CET1 ratio by approximately 9 basis points. For more information, see page 7 of the 2022 Annual U.S. Disclosure Document and Note 11.3 to the 2022 Financial Report.

Board Renewal

On September 6, 2022, Chair of the Group's Board of Directors (the "Board"), Mr. Paul O'Malley, announced the appointment of Ms. Lyn Cobley to the Board as an Independent Non-Executive Director with effect from October 1, 2022. Ms. Cobley has over 30 years' experience in financial services, including as the former Chief Executive Officer of Westpac Banking Corporation's ("Westpac") Institutional business, Chair of Westpac's Asia Advisory Board and Group Treasurer of CBA.

On September 6, 2022 CBA also announced that Mr. Shirish Apte, Independent Non-Executive Director of the Board, had decided not to offer himself for re-election at CBA's 2022 Annual General Meeting (the "AGM"), which was held on October 12, 2022. Mr. Apte joined the Board in June 2014 and has been a member of the Board Audit Committee and Board Risk & Compliance Committee, and is a former Chair of the Board Risk & Compliance Committee. Mr. Apte retired from the Board at the conclusion of the AGM.

Annex A

Key financials reconciliation	2H22 $m	2H22 Qtr Avg $m	Movement 1Q23 vs 1Q22	Movement 1Q23 vs 2H22 Qtr Avg
Operating income ex. one-off item	12,175	6,088	10%	9%
Gain on sale of HZB shares	*516*	*258*		
Total operating income	12,691	6,346	10%	5%
Operating expenses ex. remediation costs and other	5,500	2,750	3%	~4.5%
Remediation costs	*158*	*79*	*45%*	*(6%)*
Operating expenses ex. accelerated amortisation	5,658	2,829	4%	4%
Accelerated software amortisation	*389*	*195*		
Total operating expenses	6,047	3,024	4%	(3%)
Operating performance	6,644	3,322	16%	12%
Loan impairment benefit/(expense)	282	141		
Reported cash NPAT from continuing operations	4,849	2,425	13%	2%

Note regarding remediation costs and other: Remediation costs in 2H22 of $158 million (pre-tax) includes $77 million for Banking, other Wealth and employee related remediation and litigation costs, and $81 million of additional costs, including provisions, for historical Aligned Advice remediation issues and associated program costs. For more information on remediation costs, see Note 7.1 to the 2022 Financial Report.

Note regarding reconciliation of 2H22 net profit after tax "cash basis" from continuing operations and net profit after tax "statutory basis": In 2H22, net profit after tax from discontinued operations "cash basis" was $13 million, making total net profit after tax "cash basis" $4,862 million for the period. In addition, in 2H22 CBA recorded $85 million of losses on acquisition, disposal, closure and demerger of businesses and $124 million of gains from hedging and IFRS volatility that were not included in total net profit after tax "cash basis", bringing total net profit after tax "statutory basis" to $4,901 million for the period.

<u>Annex B</u>

Basel III Pillar 3 Capital Adequacy and Risks Disclosures as at September 30, 2022

Basel III Pillar 3

Capital Adequacy and Risk Disclosures as at 30 September 2022

Commonwealth Bank of Australia
ACN 123 123 124
Level 1, 11 Harbour Street, Sydney NSW 2000
15 November 2022

For further information contact:

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The release of this announcement was authorised by the Continuous Disclosure Committee.

Contents

1 Introduction

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

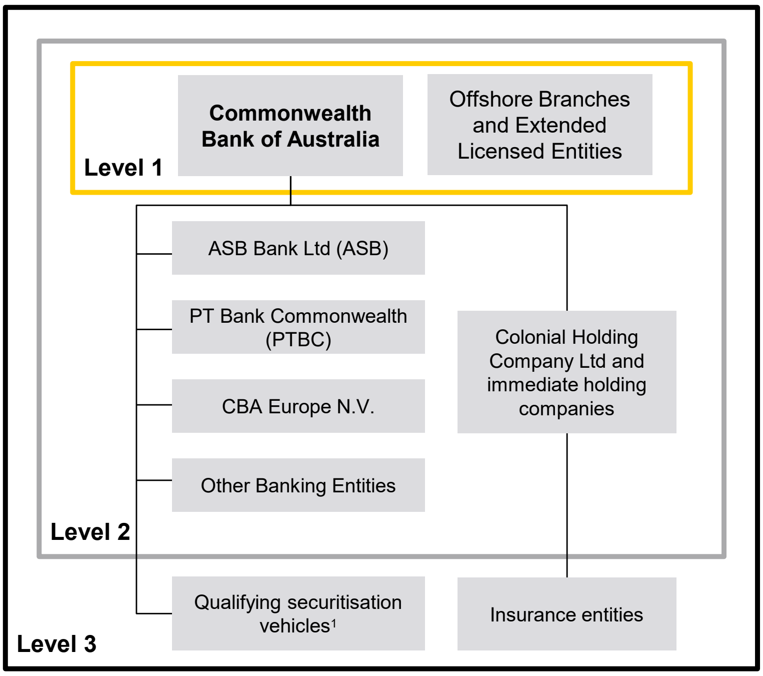
This document is prepared for CBA and its subsidiaries (the Group) in accordance with a Board approved policy and quarterly reporting requirements set out in APRA Prudential Standard (APS) APS 330 *Public Disclosure* (APS 330). It presents information on the Group's capital adequacy and Risk Weighted Assets (RWA) calculations for credit risk including securitisation, traded market risk, Interest Rate Risk in the Banking Book (IRRBB) and operational risk.

This document also presents information on the Group's leverage and liquidity ratios in accordance with prescribed methodologies.

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 businesses and certain entities through which securitisation of Group assets is conducted.

During the quarter ended 30 September 2022, the Group completed the sale of its Australian general insurance business, CommInsure General Insurance.

APS 330 reporting structure



1 Securitisation that meets APRA's operational requirements for regulatory capital relief under APS 120 *Securitisation* (APS 120).

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

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

The Group's Pillar 3 documents are available on the Group's corporate website: commbank.com.au/regulatorydisclosures.

Capital Position

As at 30 September 2022, the Group's Basel III Common Equity Tier 1 (CET1), Tier 1 and Total Capital ratios as measured on an APRA basis were 11.1%, 13.2% and 17.5% respectively.

The Group's CET1 ratio increased by 31 basis points in the quarter after allowing for the impact of the 2022 final dividend (-71 basis points). Key drivers of the change included capital generated from earnings (+49 basis points), removal of the remaining $500 million of APRA's operational risk capital add-on (+15 basis points) and completion of the divestment of CommInsure General Insurance (+9 basis points). These were partially offset by an increase in RWA (-24 basis points), further progress on the previously announced $2 billion on-market share buy-back (-9 basis points) and other regulatory adjustments (-9 basis points). As at the end of September, $901 million of the $2 billion buy-back had been completed, with the remainder expected to be completed by the end of the 2022 calendar year, subject to market conditions, available trading windows and other considerations. Further details on the movements in RWA are provided on pages 4-5.

The Group's Basel III CET1 ratio was 18.2% on an internationally comparable basis as at 30 September 2022.

The CET1 ratio for Level 1 at 30 September 2022 was 11.4%, 30 basis points above Level 2.

Summary Group Capital Adequacy Ratios (Level 2)	30 Sep 22 %	30 Jun 22 %
Common Equity Tier 1	**11. 1**	11. 5
Additional Tier 1	**2. 1**	2. 1
Tier 1	**13. 2**	13. 6
Tier 2	**4. 3**	4. 0
Total Capital (APRA)	**17. 5**	17. 6
Common Equity Tier 1 (Internationally Comparable) [1]	**18. 2**	18. 6

1 Analysis aligns with the 13 July 2015 APRA study titled "International capital comparison study".

Capital Initiatives

In addition to the share buy-back, the following significant capital initiatives were undertaken during the quarter ended 30 September 2022:

Common Equity Tier 1 Capital

- The Dividend Reinvestment Plan (DRP) in respect of the 2022 final dividend was satisfied in full by the on-market purchase of shares. The participation rate for the DRP was 16.75%.

Tier 2 Capital

- In September 2022, the Group issued a HKD400 million subordinated note and an AUD300 million subordinated note, both Basel III compliant Tier 2 instruments.

The following capital initiatives were undertaken by the Group subsequent to the reporting period ended 30 September 2022:

Additional Tier 1 Capital

The issuance of AUD1,777 million of CommBank PERLS XV Capital Notes in November 2022, partly refinancing the upcoming redemption of CommBank PERLS VII Capital Notes. PERLS XV Capital Notes qualify as Basel III compliant Additional Tier 1 Capital of CBA.

Tier 2 Capital

The issuance of the following Basel III compliant subordinated notes:

- JPY20 billion in October 2022; and
- Two subordinated notes totalling AUD2,000 million in November 2022.

Implementation of revised regulatory capital framework

From 1 January 2023, APRA will implement its revisions to the ADI capital framework. The objectives of these revisions are to increase the risk sensitivity within the capital framework, to enhance the ability of ADIs to respond flexibly to future stress events, and to improve the comparability of the Australian framework with international standards.

The Group is well placed to accommodate these changes and expects to operate with a CET1 ratio of greater than 11% (compared to the revised APRA minimum of 10.25%) except in circumstances of unexpected capital volatility.

Leverage Ratio

The Group's Leverage Ratio, defined as Tier 1 Capital as a percentage of total exposures, was 5.1% at 30 September 2022 on an APRA basis and 5.7% on an internationally comparable basis.

Liquidity Coverage Ratio

The Liquidity Coverage Ratio (LCR) requires Australian ADIs to hold sufficient liquid assets to meet 30 day Net Cash Outflows (NCOs) projected under an APRA prescribed stress scenario. The Group maintained an average LCR of 134% in the September 2022 quarter.

On 1 September 2022, the Group's Committed Liquidity Facility (CLF) was reduced by $7.5 billion to $7.5 billion. This is part of APRA's sector-wide phased reduction in CLF usage to zero by the end of 2022.

2 Risk Weighted Assets

Risk weighted assets (RWA) are calculated using the AIRB approach for the majority of the Group's credit risk exposures. The Group must use the External Ratings-based Approach where a securitisation exposure is externally rated by an External Credit Assessment Institution (ECAI) or for which an inferred rating is available. Where the Group cannot use the External Ratings-based Approach, the Group must use the Supervisory Formula Approach.

APS 330 Table 3a to 3e – Basel III Capital Requirements (RWA)

	Risk Weighted Assets		Change in RWA for September 2022 quarter	
	30 Sep 22	30 Jun 22		
Asset Category	$M	$M	$M	%
Credit Risk				
Subject to AIRB approach [1]				
Corporate	**73,123**	69,621	3,502	5. 0
SME corporate	**29,633**	29,671	(38)	(0. 1)
SME retail	**5,860**	5,797	63	1. 1
SME retail secured by residential mortgage	**2,675**	2,725	(50)	(1. 8)
Sovereign	**2,291**	2,249	42	1. 9
Bank	**4,240**	4,194	46	1. 1
Residential mortgage	**173,659**	171,819	1,840	1. 1
Qualifying revolving retail	**4,944**	5,022	(78)	(1. 6)
Other retail	**8,819**	8,815	4	0. 0
Total RWA subject to AIRB approach	**305,244**	299,913	5,331	1. 8
Specialised lending	**67,488**	67,078	410	0. 6
Subject to standardised approach				
Corporate	**276**	506	(230)	(45. 5)
SME corporate	**372**	573	(201)	(35. 1)
SME retail	**2,098**	2,169	(71)	(3. 3)
Sovereign	**893**	322	571	177. 3
Bank	**66**	50	16	32. 0
Residential mortgage	**6,453**	6,429	24	0. 4
Other retail	**1,116**	1,078	38	3. 5
Other assets	**7,891**	8,276	(385)	(4. 7)
Total RWA subject to standardised approach	**19,165**	19,403	(238)	(1. 2)
Securitisation	**3,558**	3,439	119	3. 5
Credit valuation adjustment	**3,620**	3,136	484	15. 4
Central counterparties	**642**	678	(36)	(5. 3)
Total RWA for credit risk exposures	**399,717**	393,647	6,070	1. 5
Traded market risk	**13,463**	10,683	2,780	26. 0
Interest rate risk in the banking book	**49,431**	47,640	1,791	3. 8
Operational risk	**39,612**	45,922	(6,310)	(13. 7)
Total risk weighted assets	**502,223**	497,892	4,331	0. 9

1 Pursuant to APRA requirements, RWA amounts derived from AIRB risk weight functions have been multiplied by a scaling factor of 1.06.

Risk Weighted Assets (continued)

Risk Weighted Assets

Total RWA increased by $4.3 billion or 0.9% on the prior quarter to $502.2 billion driven by increases in credit risk RWA, traded market risk RWA and IRRBB RWA, partly offset by lower operational risk RWA.

Credit Risk RWA

Credit risk RWA increased by $6.1 billion on the prior quarter to $399.7 billion, primarily driven by:

- Volume growth (increase of $4.4 billion) across residential mortgages, commercial portfolios and derivatives;
- Credit quality movement (increase of $0.4 billion) driven by increasing residential mortgage and specialised lending risk weights; partly offset by an improvement across other non-retail portfolios;
- Foreign currency movements (decrease of $0.2 billion); and
- Data and methodology (increase of $1.5 billion) including changes in credit risk estimates.

Traded Market Risk RWA

Traded market risk RWA increased by $2.8 billion or 26% on the prior quarter to $13.5 billion. This increase was driven by increased client activity.

Interest Rate Risk in the Banking Book (IRRBB) RWA

IRRBB RWA increased by $1.8 billion or 4% on the prior quarter to $49.4 billion. This was driven by an increase in interest rates.

Operational Risk RWA

Operational risk RWA decreased by $6.3 billion or 13.7% on the prior quarter to $39.6 billion.

The RWA decrease was primarily driven by the removal of the APRA add-on as per the APRA announcement on 30 September 2022.

The Group regularly reviews and updates its operational risk RWA to reflect material changes in its operational risk profile in accordance with the Operational Risk Management Framework and governance processes.

Credit Risk

3 Credit Risk

3.1 Credit Risk Exposures

The following tables detail credit risk exposures subject to AIRB and standardised approaches.

APS 330 Table 4a – Credit risk exposures by portfolio type and modelling approach

	30 September 2022						
		Off Balance Sheet					
Portfolio Type	On Balance Sheet $M	Non-market related $M	Market related $M	Total $M	Average exposure for September 2022 quarter [1] $M	Change in exposure for September 2022 quarter [2] $M	%
Subject to AIRB approach							
Corporate	82,061	46,260	12,922	141,243	138,521	5,443	4.0
SME corporate	49,269	10,783	691	60,743	60,601	285	0.5
SME retail	7,212	3,558	5	10,775	10,752	47	0.4
SME retail secured by residential mortgage	3,452	1,457	–	4,909	4,923	(28)	(0.6)
Sovereign	208,486	1,133	7,676	217,295	216,973	643	0.3
Bank	13,771	437	7,792	22,000	21,192	1,617	7.9
Residential mortgage	608,928	81,737	–	690,665	688,293	4,743	0.7
Qualifying revolving retail	7,846	15,514	–	23,360	23,377	(33)	(0.1)
Other retail	6,288	2,516	–	8,804	8,808	(8)	(0.1)
Total AIRB approach	987,313	163,395	29,086	1,179,794	1,173,440	12,709	1.1
Specialised lending	65,116	11,134	363	76,613	76,775	(324)	(0.4)
Subject to standardised approach							
Corporate	195	68	12	275	391	(232)	(45.8)
SME corporate	255	115	–	370	472	(203)	(35.4)
SME retail	1,519	566	6	2,091	2,126	(72)	(3.3)
Sovereign	1,183	1	–	1,184	913	543	84.7
Bank	264	9	–	273	248	50	22.4
Residential mortgage	13,501	2,091	–	15,592	15,447	290	1.9
Other retail	930	177	–	1,107	1,088	39	3.7
Other assets	12,987	–	–	12,987	14,225	(2,476)	(16.0)
Central counterparties	–	–	11,377	11,377	11,170	414	3.8
Total standardised approach	30,834	3,027	11,395	45,256	46,080	(1,647)	(3.5)
Total Credit exposures [3]	1,083,263	177,556	40,844	1,301,663	1,296,295	10,738	0.8

1 The simple average of balances as at 30 September 2022 and 30 June 2022.
2 The difference between exposures as at 30 September 2022 and 30 June 2022.
3 Total credit risk exposures (calculated as EAD) do not include equities or securitisation exposures.

Credit Risk (continued)

APS 330 Table 4a – Credit risk exposures by portfolio type and modelling approach (continued)

	30 June 2022						
		Off Balance Sheet					
	On Balance Sheet	Non-market related	Market related	Total	Average exposure for June 2022 quarter [1]	Change in exposure for June 2022 quarter [2]	
Portfolio Type	$M	$M	$M	$M	$M	$M	%
Subject to AIRB approach							
Corporate	79,887	45,713	10,200	135,800	133,901	3,797	2. 9
SME corporate	49,488	10,337	633	60,458	60,155	606	1. 0
SME retail	7,258	3,466	4	10,728	10,744	(31)	(0. 3)
SME retail secured by residential mortgage	3,494	1,443	–	4,937	4,968	(61)	(1. 2)
Sovereign	210,016	1,116	5,520	216,652	206,584	20,135	10. 2
Bank	12,413	438	7,532	20,383	19,866	1,035	5. 3
Residential mortgage	604,509	81,413	–	685,922	684,509	2,824	0. 4
Qualifying revolving retail	7,808	15,585	–	23,393	23,387	13	0. 1
Other retail	6,252	2,560	–	8,812	9,129	(633)	(6. 7)
Total AIRB approach	981,125	162,071	23,889	1,167,085	1,153,243	27,685	2. 4
Specialised lending	64,041	12,409	487	76,937	76,047	1,779	2. 4
Subject to standardised approach							
Corporate	346	147	14	507	422	170	50. 4
SME corporate	393	177	3	573	547	53	10. 2
SME retail	1,580	577	6	2,163	2,171	(17)	(0. 8)
Sovereign	640	1	–	641	654	(26)	(3. 9)
Bank	211	12	–	223	234	(22)	(9. 0)
Residential mortgage	13,394	1,908	–	15,302	15,259	86	0. 6
Other retail	914	154	–	1,068	1,045	46	4. 5
Other assets	15,463	–	–	15,463	17,515	(4,103)	(21. 0)
Central counterparties	–	–	10,963	10,963	10,795	336	3. 2
Total standardised approach	32,941	2,976	10,986	46,903	48,642	(3,477)	(6. 9)
Total credit exposures [3]	1,078,107	177,456	35,362	1,290,925	1,277,932	25,987	2. 1

1 The simple average of balances as at 30 June 2022 and 31 March 2022.
2 The difference between exposures as at 30 June 2022 and 31 March 2022.
3 Total credit risk exposures (calculated as EAD) do not include equities or securitisation exposures.

3.2 Past Due and Impaired Exposures, Provisions and Reserves

From 1 January 2022 the Group adopted APRA's revised APS 220 *Credit Risk Management*. The revised standard no longer includes requirements in relation to impaired assets, specific provisions or the General Reserve for Credit Losses (GRCL). The Group will continue to disclose these items until such time as the requirements of APS 330 are changed to retire the former standard's disclosure requirements relating to impaired assets, specific provisions and the GRCL.

All provisions recognised in accordance with accounting standards that have been assessed on an individual basis are classified as specific provisions. Most of the collective provisions raised under accounting standards are included in the GRCL; however, certain collective provisions not eligible for inclusion in the GRCL are classified as specific provisions. This includes, for example, collective provisions on retail products that are in default. The Group's GRCL methodology results in an amount lower than the provision recognised for accounting purposes, resulting in no additional GRCL requirement.

Reconciliation of Australian Accounting Standards, former APS 220 *Credit Quality* based credit provisions and APS 330 Table 4c – General reserve for credit losses

	30 September 2022		
	General reserve for credit losses $M	Specific provision [1] $M	Total provisions $M
Collective provision [2]	4,172	526	**4,698**
Individual provisions [2]	–	679	**679**
Total regulatory provisions	4,172	1,205	**5,377**

1 Specific provision balance includes certain accounting collective provisions on some defaulted loans.
2 Provisions according to the Australian Accounting Standards.

	30 June 2022		
	General reserve for credit losses $M	Specific provision [1] $M	Total provisions $M
Collective provision [2]	4,033	578	4,611
Individual provisions [2]	–	736	736
Total regulatory provisions	4,033	1,314	5,347

1 Specific provision balance includes certain accounting collective provisions on some defaulted loans.
2 Provisions according to the Australian Accounting Standards.

Credit Risk (continued)

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

APS 330 Table 4b – Impaired, past due, specific provisions and write-offs charged by portfolio

	As at 30 September 2022			Quarter ended 30 September 2022	
Portfolio	**Impaired assets $M**	**Past due loans ≥ 90 days [1] $M**	**Specific provision balance [2] $M**	**Net charges for individual provisions $M**	**Actual losses [3] $M**
Corporate including SME, specialised lending and central counterparties	1,198	563	550	81	149
Sovereign	–	–	–	–	–
Bank	–	–	–	–	–
Residential mortgage	1,705	2,343	530	–	7
Credit cards	56	–	56	–	18
Other retail	81	–	69	1	30
Total	3,040	2,906	1,205	82	204

1 Represents loans ≥ 90 days past due but not impaired.
2 Specific provision balance includes certain accounting collective provisions on some defaulted loans.
3 Actual losses equal write-offs from individual provisions and write-offs direct from collective provisions less recoveries of amounts previously written off for the quarter ended 30 September 2022.

	As at 30 June 2022			Quarter ended 30 June 2022	
Portfolio	**Impaired assets $M**	**Past due loans ≥ 90 days [1] $M**	**Specific provision balance [2] $M**	**Net charges for individual provisions $M**	**Actual losses [3] $M**
Corporate including SME, specialised lending and central counterparties	1,080	591	625	82	67
Sovereign	–	–	–	–	–
Bank	–	–	–	–	–
Residential mortgage	1,713	2,562	544	(5)	11
Credit cards	66	–	66	–	19
Other retail	92	–	79	(2)	28
Total	2,951	3,153	1,314	75	125

1 Represents loans ≥ 90 days past due but not impaired.
2 Specific provision balance includes certain accounting collective provisions on some defaulted loans.
3 Actual losses equal write-offs from individual provisions and write-offs direct from collective provisions less recoveries of amounts previously written off, for the quarter ended 30 June 2022.

3.3 Securitisation

APS 330 Table 5a – Total securitisation activity for the reporting period

	Quarter ended 30 September 2022	
Underlying Asset	Total exposures securitised $M	Recognised gain or loss on sale $M
Residential mortgage	705	–
Credit cards and other personal loans	–	–
Auto and equipment finance	–	–
Commercial loans	–	–
Other	–	–
Total	705	–

	Quarter ended 30 June 2022	
Underlying Asset	Total exposures securitised $M	Recognised gain or loss on sale $M
Residential mortgage	90	–
Credit cards and other personal loans	135	–
Auto and equipment finance	–	–
Commercial loans	–	–
Other	–	–
Total	225	–

APS 330 Table 5b – Summary of total securitisation exposures retained or purchased

	As at 30 September 2022		
Securitisation Facility Type	On Balance Sheet $M	Off Balance Sheet $M	Total exposures $M
Liquidity support facilities	–	194	**194**
Warehouse facilities	11,142	5,646	**16,788**
Derivative facilities	–	180	**180**
Holdings of securities	3,840	–	**3,840**
Other	–	14	**14**
Total securitisation exposures	14,982	6,034	**21,016**

	As at 30 June 2022		
Securitisation Facility Type	On Balance Sheet $M	Off Balance Sheet $M	Total exposures $M
Liquidity support facilities	–	217	**217**
Warehouse facilities	11,168	4,305	**15,473**
Derivative facilities	–	225	**225**
Holdings of securities	4,043	–	**4,043**
Other	–	15	**15**
Total securitisation exposures	15,211	4,762	**19,973**

4 Leverage Ratio

The Group's Leverage Ratio, defined as Tier 1 Capital as a percentage of total exposures, was 5.1% at 30 September 2022 on an APRA basis and 5.7% on an internationally comparable basis.

In November 2021, APRA released final prudential standards, which included changes to the definition of exposures related to derivatives and off Balance Sheet items and a minimum leverage ratio requirement of 3.5% for IRB banks, applicable from 1 January 2023.

Summary Group Leverage Ratio	30 Sep 22	30 Jun 22	31 Mar 22	31 Dec 21	30 Sep 21
Tier 1 Capital ($M)	**66,472**	67,558	64,764	66,027	69,594
Total Exposures ($M) [1]	**1,314,458**	1,295,368	1,247,225	1,240,349	1,216,213
Leverage Ratio (APRA) (%)	**5.1**	5.2	5.2	5.3	5.7
Leverage Ratio (Internationally Comparable) (%) [2]	**5.7**	5.9	6.0	6.2	6.6

1 Total Exposures is the sum of on Balance Sheet exposures, derivatives, Securities Financing Transactions (SFTs), and off Balance Sheet exposures, net of any Tier 1 regulatory deductions, as outlined in APS 110 *Capital Adequacy*.

2 The Tier 1 Capital included in the calculation of the internationally comparable leverage ratio aligns with the 13 July 2015 APRA study titled "International capital comparison study" and includes Basel III non-compliant Tier 1 instruments that were subject to transitional rules. These non-compliant instruments were phased out in full from inclusion in Regulatory Capital effective 1 January 2022.

5 Liquidity Risk

Liquidity Coverage Ratio

The Group calculates its LCR position on a daily basis, ensuring a buffer is maintained over the minimum regulatory requirement of 100% and the Board's risk appetite. Over the September 2022 quarter, excess liquid assets averaged $51.3 billion and the average LCR increased from 130% to 134%.

The Group's mix of liquid assets consists of HQLA, such as cash, deposits with central banks, Australian semi-government and Commonwealth government securities. Liquid assets also include repo-eligible securities with the RBA under the CLF and securities classified as liquid assets by the RBNZ. Liquid assets are distributed across the Group to support regulatory and internal requirements and are consistent with the distribution of liquidity needs by currency.

NCOs are modelled under an APRA prescribed 30 day severe liquidity stress scenario. The Group manages modelled NCOs by maintaining a large base of low LCR outflow customer deposits and actively managing its wholesale funding maturity profile as part of its overall liquidity management strategy. Average NCOs increased over the quarter due to growth in non-operational deposits.

APS 330 Table 20 – LCR disclosure template

		30 Sep 22		30 Jun 22	
		Total unweighted value (average) [1] $M	Total weighted value (average) [1] $M	Total unweighted value (average) [1] $M	Total weighted value (average) [1] $M
Liquid assets, of which:					
1	High-quality liquid assets (HQLA)		189,487		171,799
2	Alternative liquid assets (ALA)		12,576		17,222
3	Reserve Bank of New Zealand (RBNZ) securities		2,358		2,394
Cash outflows					
4	Retail deposits and deposits from small business customers, of which:	**444,215**	**40,010**	**445,434**	**39,938**
5	Stable deposits	244,689	12,234	243,102	12,155
6	Less stable deposits	199,526	27,776	202,332	27,783
7	Unsecured wholesale funding, of which:	**195,739**	**86,525**	**190,045**	**80,290**
8	Operational deposits (all counterparties) and deposits in networks for cooperative banks	93,922	23,055	95,721	23,505
9	Non-operational deposits (all counterparties)	90,526	52,179	84,712	47,173
10	Unsecured debt	11,291	11,291	9,612	9,612
11	Secured wholesale funding		**4,561**		**6,653**
12	Additional requirements, of which:	**178,256**	**27,993**	**178,858**	**27,020**
13	Outflows related to derivatives exposures and other collateral requirements	7,130	7,130	6,147	6,147
14	Outflows related to loss of funding on debt products	–	–	–	–
15	Credit and liquidity facilities	171,126	20,863	172,711	20,873
16	Other contractual funding obligations	–	**–**	–	**–**
17	Other contingent funding obligations	77,281	**10,939**	71,103	**8,828**
18	**Total cash outflows**		**170,028**		**162,729**
Cash inflows					
19	Secured lending	18,388	1,429	16,135	1,303
20	Inflows from fully performing exposures	13,175	9,350	11,832	7,945
21	Other cash inflows	6,162	6,162	5,684	5,684
22	**Total cash inflows**	**37,725**	**16,941**	**33,651**	**14,932**
23	**Total liquid assets**		204,421		191,415
24	**Total net cash outflows**		153,087		147,797
25	**Liquidity Coverage Ratio (%)**		134		130
Number of data points used (Business Days)			62		56

1 The averages presented are calculated as simple averages of daily observations over the previous quarter.

Glossary

Term	Definition
Additional Tier 1 Capital (AT1)	Additional Tier 1 Capital is a concept defined by APRA and consists of high quality capital that essentially provides a permanent and unrestricted commitment of funds, is freely available to absorb losses, ranks behind the claims of depositors and other senior creditors in the event of a wind-up, and provides for fully discretionary capital distributions.
Advanced Internal Ratings-based (AIRB) Approach	This approach is 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.
Alternative Liquid Assets (ALA)	Assets that qualify for inclusion in the numerator of the LCR in jurisdictions where there is insufficient supply of HQLA.
ASB	ASB Bank Limited – a subsidiary of the Commonwealth Bank of Australia that is directly regulated by the RBNZ.
Australian Accounting Standards	The Australian Accounting Standards as issued by the Australian Accounting Standards Board (AASB).
Australian Prudential Regulation Authority (APRA)	The Australian Prudential Regulation Authority is an independent statutory authority that supervises institutions across banking, insurance and superannuation, and is accountable to the Australian parliament. The regulator of banks, insurance companies and superannuation funds, credit unions, building societies and friendly societies in Australia.
Authorised Deposit-taking Institution (ADI)	ADIs are corporations that are authorised under the Banking Act 1959 to carry on banking business in Australia.
Banking Book	The banking book is a term for assets on a bank's Balance Sheet that are expected to be held to maturity, usually consisting of customer loans to and deposits from retail and corporate customers. The banking book can also include those derivatives that are used to hedge exposures arising from the banking book activity, including interest rate risk.
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 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.
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 reported in the Group's Financial Statements in accordance with Australian Accounting Standards (AASB 9 *Financial Instruments*).
Committed Liquidity Facility (CLF)	The Reserve Bank of Australia (RBA) provides the CLF to participating ADIs under the LCR, as a shortfall in Commonwealth government and semi-government securities exists in Australia. ADIs can draw under the CLF in a liquidity crisis against qualifying securities pledged to the RBA. In September 2021, APRA announced a sector-wide phased reduction in usage of the CLF to zero by the end of 2022.
Common Equity Tier 1 Capital (CET1)	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.
Corporate	Basel asset class - includes commercial credit risk where annual revenues are $50 million or more.

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.
Extended Licenced Entity (ELE)	An Extended Licensed Entity is comprised of an ADI and each subsidiary of an ADI as specified in any approval granted by APRA in accordance with Prudential Standard APS 222 *Associations with Related Entities.*
External Credit Assessment Institution (ECAI)	For example: Moody's Investor Services, S&P Global Ratings or Fitch Ratings.
General Reserve for Credit Losses (GRCL)	From 1 January 2022 the Group adopted the revised APS 220 *Credit Risk Management* standard which no longer includes requirements in relation to the GRCL. The Group will continue to disclose the GRCL until APS 330 is amended to retire this disclosure referencing the former APS 220 *Credit Quality* standard's requirements, which required 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 GRCL. An excess of required GRCL over the Group's collective provisions is recognised as a deduction from CET1 under the former standard.
Group	Commonwealth Bank of Australia and its subsidiaries.
High Quality Liquid Assets (HQLA)	Assets are considered to be high quality liquid assets if they can be easily and immediately converted into cash at little or no loss of value.
Impaired Assets	Facilities are classified as impaired where there is doubt as to whether the full amounts due, including interest and other payments due, will be achieved in a timely manner.
Individual provisions	Provisions made against individual facilities 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 9 *Financial Instruments*). Also known as individually assessed provisions or IAP.
Interest Rate Risk in the Banking Book (IRRBB)	Interest Rate Risk in the Banking Book is the risk that the Bank's profit derived from Net Interest Income (interest earned less interest paid), in current and future periods, is adversely impacted from changes in interest rates. This is measured from two perspectives: firstly by quantifying the change in the net present value of the Balance Sheet's future earnings potential, and secondly as the anticipated change to Net Interest Income earned over 12 months. This calculation is driven by APRA regulations with further detail outlined in the Group's 30 June 2022 Basel III Pillar 3 report.
Level 1	The Parent Bank (Commonwealth Bank of Australia) and offshore branches (the Bank) and APRA approved Extended Licensed Entities.
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 businesses and certain 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 funds management businesses (the Group).
Leverage Ratio	Tier 1 Capital divided by total exposures, with this ratio expressed as a percentage.
Liquidity Coverage Ratio (LCR)	The liquidity coverage ratio is a quantitative liquidity measure that is part of the Basel III reforms. It was implemented by APRA in Australia on 1 January 2015. It requires Australian ADIs to hold sufficient liquid assets to meet 30 day net cash outflows projected under an APRA-prescribed stress scenario.
Loss Given Default (LGD)	An estimate of the expected severity of loss for a credit exposure following a default event. Loss Given Default represents the fraction of EAD that is not expected to be recovered following default.

Glossary (continued)

Term	Definition
Net Cash Outflows (NCO)	Net cash outflows in the LCR are calculated by applying prescribed run-off factors on liabilities and various off Balance Sheet exposures that can generate a cash outflow in the next 30 days.
Other Assets	Basel asset class – primarily includes Cash, Investments in Related Entities, Fixed Assets and Margin Lending.
Other Retail	Basel asset class – primarily includes retail credit exposures not otherwise classed as a residential mortgage, SME retail or a qualifying revolving retail asset.
Past Due	Facilities are past due when a contracted amount, including principal or interest, has not been met when due or it is otherwise outside contracted arrangements.
Probability of Default (PD)	The PD reflects a borrower's ability to generate sufficient cash flows in the future to meet the terms of all of its credit obligations to the Group.
Prudential Capital Ratio (PCR)	The regulatory minimum CET1, Tier 1 and Total Capital ratios that the Group is required to maintain at all times.
Qualifying Revolving Retail (QRR)	Basel 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.
RBA	Reserve Bank of Australia.
RBNZ	Reserve Bank of New Zealand.
Residential Mortgage	Basel asset class – retail exposures secured by residential mortgage property.
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.
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 RWA amounts for credit risk under the AIRB approach of 1.06.
Securities Financing Transactions (SFT)	APRA defines securities financing transactions as transactions such as repurchase agreements, reverse repurchase agreements, and security lending and borrowing, and margin lending transactions, where the value of the transactions depends on the market valuation of securities and the transactions are typically subject to margin agreements.
Securitisation	Basel asset class – Group originated securitised exposures and the provision of facilities to customers in relation to securitisation activities.
SME Corporate	Basel 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	Basel 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	Basel asset class – Small and Medium Enterprise (SME) exposures up to $1 million that are partly or fully secured by residential mortgage property.
Sovereign	Basel asset class – primarily includes claims on Australian and foreign governments, central banks (including the RBA), international banking agencies and regional development banks.
Specialised Lending	Basel asset classes subject to the supervisory slotting approach, and which include Income Producing Real Estate (IPRE), object finance, project finance and commodity finance.

Term	Definition
Specific Provisions	From 1 January 2022 the Group adopted the revised APS 220 *Credit Risk Management* standard which no longer includes requirements in relation to Specific Provisions. The Group will continue to disclose Specific Provisions until APS 330 is amended to retire this disclosure referencing the former APS 220 *Credit Quality* standard's requirements, which required 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 GRCL (which are primarily collective provisions on some defaulted assets).
Standardised Approach	An alternate approach to the assessment of credit, operational and traded market risk whereby an ADI uses external ratings agencies to assist in assessing credit risk and/or the application of specific values provided by regulators to determine RWA.
Stressed Value-at-Risk (SVaR)	Stressed Value-at-Risk uses the same methodology as 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.
Term Funding Facility (TFF)	A facility provided by the RBA to certain ADIs to support lending to Australian businesses.
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.
Total Capital	Comprises CET1, Additional Tier 1 Capital and Tier 2 Capital.
Total Exposures (as used in the leverage ratio)	The sum of on Balance Sheet items, derivatives, securities financing transactions (SFTs), and off Balance Sheet items, net of any Tier 1 regulatory deductions that are already included in these items, as outlined in APS 110 *Capital Adequacy* (APS 110) Attachment D.
Trading Book	Exposures, including derivative products and other off Balance Sheet instruments that are held either with a trading intent or to hedge other elements of the trading book.
Value-at-Risk (VaR)	Value-at-Risk is a measure of potential loss using historically observed market volatility and correlation between different markets.