

Commonwealth
Bank

Basel III Pillar 3

Capital Adequacy and Risk

Disclosures as at 31 December 2021

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The release of this announcement was authorised by the Board.

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Introduction

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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 APRA Prudential Standard (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 and Countercyclical Capital Buffer (CCyB) 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.

The Group is predominantly accredited to use the Advanced Internal Ratings-based approach (AIRB) 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 requirement 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 has completed a number of activities in the year to enhance internal controls related to the calculation of RWA, and PwC's recommendations for further enhancement have been incorporated into the Group's ongoing improvement plans.

This Pillar 3 document is available on the Group's corporate website: Commbank.com.au/regulatorydisclosures.

The Group in Review

	31 Dec 21	30 Jun 21	31 Dec 20
	%	%	%
Summary Group Capital Adequacy Ratios (Level 2)			
Common Equity Tier 1	11.8	13.1	12.6
Additional Tier 1	2.2	2.6	2.4
Tier 1	14.0	15.7	15.0
Tier 2	4.0	4.1	3.9
Total Capital (APRA)	18.0	19.8	18.9
Common Equity Tier 1 (Internationally Comparable)¹	18.4	19.4	18.7

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

Group Capital Ratios

As at 31 December 2021, the Group's Basel III Common Equity Tier 1 (CET1), Tier 1 and Total Capital ratios as measured on an APRA basis were 11.8%, 14.0% and 18.0% respectively. The Basel III CET1 ratio was 18.4% on an internationally comparable basis.

Leverage Ratio

The Group's leverage ratio, which is defined as Tier 1 Capital as a percentage of total exposures, was 5.3% as at 31 December 2021 on an APRA basis and 6.2% 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 projected under an APRA prescribed stress scenario. The Group maintained an average LCR of 134% in the December 2021 quarter.

In September 2021, APRA announced a sector-wide phased reduction in the reliance on the Committed Liquidity Facility (CLF) to zero by the end of 2022, subject to financial market conditions, as APRA and the Reserve Bank of Australia (RBA) expect there will be sufficient High Quality Liquid Assets (HQLA) for ADIs to meet their LCR requirements without the need to utilise the CLF.

Net Stable Funding Ratio

The Net Stable Funding Ratio (NSFR) is the ratio of the amount of Available Stable Funding (ASF) to the amount of Required Stable Funding (RSF). Factors prescribed by APRA are used to determine the stable funding requirement of assets and the stability of alternative sources of funding. The Group's NSFR was 131% at 31 December 2021.

Policy Framework

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 and strengthen its risk culture. The Group has a formal Risk Management Approach (RMA) that creates clear obligations and transparency over risk management and strategy decisions. A risk accountability model (Three Lines of Accountability) requires business management to operate responsibly by taking well understood and managed risks that are appropriately and adequately priced.

The application is reflected in the Group's overall asset quality and capital position. In particular, the Group remains in a small group of banking institutions with an AA-/Aa3 credit rating. To maintain this strength, the Group continues to invest in its risk systems and management processes.

The Group's capital forecasting process and capital plans are in place to ensure a sufficient capital buffer above minimum levels is maintained 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 levels and stress testing. These views then cascade into consideration of the target capital level. The Group's management of its capital adequacy is supported by robust capital management processes applied in each Business Unit (BU). The results are integrated into the Group's risk-adjusted performance and pricing processes.

Scope of Application

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 ADI's capital adequacy:

- **Level 1:** the Parent Bank (CBA) and offshore branches (the Bank) and APRA approved Extended Licensed Entities (ELE);
- **Level 2:** the Consolidated Banking Group excluding the insurance businesses and certain entities through which securitisation of Group assets is conducted; and
- **Level 3:** the conglomerate group including the Group's insurance businesses¹ (the Group).

The Group is required to report its assessment of capital adequacy on a Level 2 basis. The head of the Level 2 Group is the Parent Bank. Additional disclosure of capital ratios relating to material ADIs within the Group together with CBA's own Level 1 capital ratios are included under Table 6g of this report (page 7).

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.

CBA Europe N.V. and PT Bank Commonwealth (PTBC) apply the Standardised Basel III methodology in calculating regulatory capital requirements.

During the half year ended December 2021:

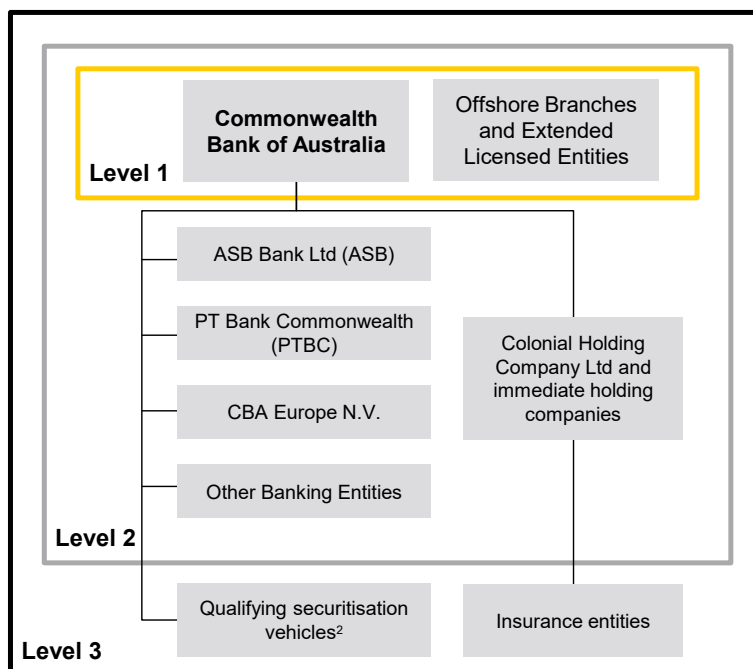
- The Group completed the majority sale of Colonial First State (CFS); and
- CommBank Europe Limited voluntarily surrendered its Banking Licence to the Malta Financial Services Authority and ceased to be a banking entity.

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. With the exception of RBNZ imposed restrictions on the payment of dividends (refer to page 5), there are no restrictions or other major impediments on the transfer of funds within the Group. There are no capital deficiencies in non-consolidated (regulatory) subsidiaries in the Group.

APS 330 reporting structure



¹ A detailed list of non-consolidated entities is provided in Appendix 11.5.

² Securitisation that meets APRA's operational requirements for regulatory capital relief under APS 120 *Securitisation* (APS 120).

Capital

3

Capital

Capital Adequacy

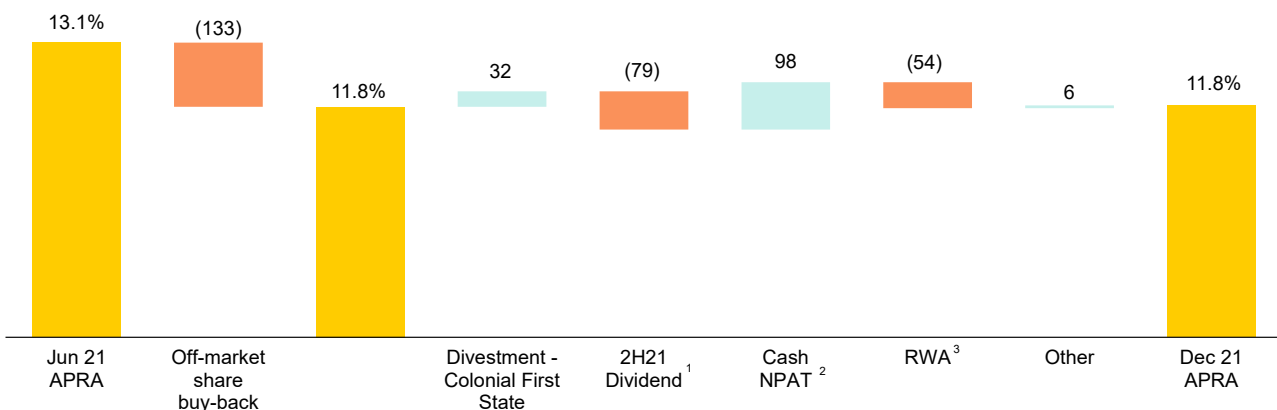
The Group actively manages its capital to balance the perspectives of various stakeholders (regulators, rating agencies and shareholders). This is achieved by optimising the mix of capital, while maintaining adequate capital ratios throughout the financial year. The Group's capital is managed within a formal framework, the Internal Capital Adequacy Assessment Process (ICAAP), which is an integration of risk, financial and capital management processes.

APRA advises the Group of its Prudential Capital Ratio (PCR), which represents the regulatory minimum CET1, Tier 1 and Total Capital ratios that the Group is required to maintain at all times. In order to ensure there is no breach of these minimum levels, APRA expects the Group to maintain a prudent buffer over these prescribed minimum levels. The PCR is subject to an ongoing review by APRA and is formally reassessed on an annual basis. The Group is required to inform APRA immediately of any breach or potential breach of its PCR, including details of remedial action taken or planned to be taken.

The Group has a range of instruments and methodologies available to effectively manage capital. These include share issues and buybacks, dividend and Dividend Reinvestment Plan (DRP) policies, hybrid capital raising and subordinated debt issuances. All major capital related initiatives require approval by the Board.

The Group's capital position is monitored on a continuous basis and reported monthly to the Executive Leadership Team of the Group and at regular intervals throughout the year to the Board Risk and Compliance Committee. Capital forecasts are updated on a continuous basis and a detailed capital plan is presented to the Board annually.

Capital – CET1 (APRA) -130 bpts in 1H22



1 The 2021 final dividend included the on-market purchase of \$570 million of shares (CET1 impact of 12 basis points) in respect of the Dividend Reinvestment Plan.

2 Excludes net equity accounted profits from associates as they are capital neutral with offsetting increases in regulatory capital deductions.

3 Excludes impact of FX movements which is included in 'Other'.

Capital Position

The Group's CET1 ratio (APRA) was 11.8% as at 31 December 2021, a decrease of 130 basis points from 30 June 2021 and a decrease of 80 basis points from 31 December 2020. The CET1 ratio was above APRA's 'unquestionably strong' benchmark of 10.5% and consistently well in excess of regulatory minimum capital adequacy requirements at all times throughout the half year ended 31 December 2021.

Key drivers of the change in CET1 for the 6 months ended 31 December 2021 were the completion of the \$6 billion off-market share buy-back in October 2021 (-133 basis points), the 2021 final dividend (-79 basis points) in which the DRP was satisfied in full by the on-market purchase of shares and higher total RWA (-54 basis points), partly offset by capital generated from earnings (+98 basis points), the completion of the majority sale of CFS (+32 basis points) on 1 December 2021 and other regulatory adjustments (6 basis points).

Further details on movements in RWA are detailed on pages 10-11.

Internationally Comparable Capital Position

The Group's CET1 ratio as measured on an internationally comparable basis was 18.4% as at 31 December 2021, placing it amongst the top quartile of international peer banks.

Capital Initiatives

In addition to the off-market share buy-back, the following significant capital initiatives were undertaken during the half year ended 31 December 2021:

Common Equity Tier 1 Capital

- The DRP in respect of the 2021 final dividend was satisfied in full by the on-market purchase of shares. The participation rate for the final dividend was 16.1%.

Additional Tier 1 Capital

- In October 2021, the Bank redeemed AUD1,450 million CommBank PERLS VIII Capital Notes that are Basel III compliant Additional Tier 1 capital.

Capital (continued)

Capital Initiatives (continued)

Tier 2 Capital

The Group issued the following Basel III compliant subordinated notes:

- AUD1,500 million and AUD135 million in August 2021; and
- AUD136 million and JPY14 billion in September 2021.

The Group redeemed the following Basel III compliant subordinated notes:

- USD750 million in October 2021;
- JPY20 billion and two JPY10 billion in December 2021; and
- ASB redeemed NZD400 million in December 2021.

Basel Regulatory Framework

APRA has implemented a set of capital, liquidity and funding reforms based on the Basel Committee on Banking Supervision (BCBS) "Basel III" framework. The objectives of the 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 APRA prudential standards require a minimum CET1 ratio or Prudential Capital Requirement (PCR) of 4.5%. An additional CET1 capital conservation buffer (CCB) of 3.5%, inclusive of a Domestic Systemically Important Bank (D-SIB) requirement of 1% and a countercyclical capital buffer (CCyB)¹ of 0%, brings the minimum CET1 ratio requirement to 8%.

Unquestionably Strong Capital Ratios

In July 2017, APRA released an information paper establishing the quantum of additional capital required for the Australian banking sector to have capital ratios that are unquestionably strong.

Under the existing capital framework, APRA's expectation is that the Australian major banks will operate for the majority of the year with a CET1 ratio of 10.5% or more. As at 31 December 2021, the Group's CET1 ratio was 11.8%, and was above the 10.5% benchmark for the entire 2021 calendar year.

In November 2021, APRA finalised the revisions to the overall design of the capital framework, to be implemented on 1 January 2023. These revisions will result in changes to the calculation of RWA and will therefore result in changes to the presentation of bank capital ratios. APRA expects that capital ratios will increase, as the amount of RWA will likely fall.

Further detail on the proposed APRA reforms is provided below.

COVID-19 announcements

Capital Announcements

In July 2020, APRA issued guidance requiring banks to preserve capital through retaining at least half of their earnings during the period of disruption caused by COVID-19. Whilst this guidance no longer applies from calendar year 2021, in determining the appropriate level of dividends, APRA expects banks to moderate dividend payout ratios to ensure they are sustainable, taking into account the outlook for profitability, capital and the broader environment.

In April 2020, the Reserve Bank of New Zealand (RBNZ) also issued guidance restricting the distribution of dividends by banks in New Zealand due to COVID-19. On 31 March 2021, the RBNZ announced that this guidance has been eased,

allowing banks to pay up to a maximum of 50% of their earnings as dividends. This restriction will remain in place until 1 July 2022, at which point, the RBNZ has stated that it intends to normalise the dividend settings by removing the restrictions entirely, subject to no significant worsening in economic conditions. Dividends from the Bank's New Zealand subsidiary, ASB, only affect the Group's Level 1 CET1 capital ratio. As at 31 December 2021, the Group's Level 1 CET1 capital ratio was 12.0%, well above regulatory requirements, and as such, the Group is well placed to absorb the restriction of dividends.

COVID-19 Customer Support Measures

The Group continues to extend support measures for customers impacted by COVID-19, which includes the origination of loans under the Government's Small and Medium Enterprises (SME) Guarantee Scheme and SME Recovery Loan Scheme.

The SME Guarantee Scheme and SME Recovery Loan Scheme were established by the Commonwealth Government to support economic recovery and provide continued assistance to businesses, and may be regarded as eligible guarantees by the government for risk weighting purposes.

The Group's temporary loan deferral programs concluded in November 2021, with the vast majority of customers returning to regular repayments on their loans.

Regulatory Reforms

APRA

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.

APRA's revisions, which were finalised in November 2021, include the following changes with respect to major Internal Ratings-based (IRB) ADIs such as CBA:

- A minimum CET1 Capital Ratio of 10.25%, which is comprised of a minimum PCR of 4.5% and a CCB of 5.75%, which includes a D-SIB buffer of 1% and a baseline CCyB set at 1%. The CCyB, which may be varied by APRA in the range of 0 - 350 basis points, can be released in times of systemic stress and post-stress recovery;
- Enhancing risk sensitivity in the residential mortgage and commercial property portfolio, through greater allowance of an ADI's own models to measure credit risk capital, and higher capital requirements for high-risk segments such as interest only and investor mortgages;
- Implementing a 72.5% output floor to limit the gap in capital requirements between standardised and IRB ADIs; and
- Further aligning the RWA of New Zealand banking subsidiaries at the consolidated group level by adopting a revised version of the RBNZ capital framework.

¹ In December 2021, APRA announced that the current CCyB for Australian exposures will remain at 0%. The Bank has limited exposures to those offshore jurisdictions in which a CCyB in excess of 0% has been imposed.

Capital (continued)

Regulatory Reforms (continued)

Further APRA Revisions

In January 2022, APRA changed its approach on equity exposures to banking and insurance subsidiaries of ADIs under the revised APS 111 *Capital Adequacy: Measurement of Capital*. The revised standard requires each individual equity exposure to be risk-weighted at 250% up to 10% of the ADI's Level 1 CET1 capital, with any excess above that threshold to be deducted from Level 1 CET1 capital. The revision will result in an uplift to the Group's Level 1 CET1 December 2021 capital ratio of 20 basis points. There is no impact to the Group's Level 2 CET1 capital ratio.

From 1 January 2022, the APRA requirements released under the final APS 222 *Associations with Related Entities* became effective. The revised standard is intended to strengthen the ability of ADIs to monitor, limit and control risk arising from transactions and other associations with related entities.

From 1 January 2022, the APRA requirements released under the final APS 220 *Credit Risk Management* became effective. The revised standard is broader in application covering credit standards as well as the ongoing monitoring and management of credit portfolios.

From 1 January 2024, D-SIBs, including CBA, will be required to hold an additional Total Capital requirement of 3% of RWA to satisfy APRA's loss-absorbing capacity requirements. This will increase to 4.5% from 1 January 2026.

In January 2024, changes to APS 117 *Capital Adequacy: Interest Rate Risk in the Banking Book* will be implemented by APRA. This is expected to be followed by changes to APS 116 *Capital Adequacy: Market Risk* (APS 116), also known as the Fundamental Review of the Trading Book, and APS 180 *Capital Adequacy: Counterparty Credit Risk* (APS 180) in 2025. APRA is yet to commence consultation on the changes to APS 116 and APS 180.

Reserve Bank of New Zealand (RBNZ)

In June 2021, the RBNZ finalised its bank capital adequacy requirements. These requirements include the RWA of New Zealand IRB banks, such as ASB, increasing to approximately 90% of that required under a standardised approach. In addition, for those banks deemed systemically important, including ASB, the Tier 1 capital requirement will increase to 16% of RWA, of which 13.5% must be in the form of CET1 capital. Tier 2 capital will remain in the framework, and can contribute up to 2% of the 18% minimum Total Capital ratio. Existing Additional Tier 1 and Tier 2 instruments issued by New Zealand banks will no longer be eligible under RBNZ's new capital criteria.

These reforms are being phased in from 1 October 2021 with full implementation on 1 July 2028.

Group Regulatory Capital Position

	31 Dec 21	30 Jun 21	31 Dec 20
	%	%	%
Summary Group Capital Adequacy Ratios (Level 2)			
Common Equity Tier 1	11.8	13.1	12.6
Additional Tier 1	2.2	2.6	2.4
Tier 1	14.0	15.7	15.0
Tier 2	4.0	4.1	3.9
Total Capital (APRA)	18.0	19.8	18.9
Common Equity Tier 1 (Internationally Comparable)¹	18.4	19.4	18.7

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

	31 Dec 21	30 Jun 21 ¹	31 Dec 20 ¹
	\$M	\$M	\$M
Group Regulatory Capital Position			
Ordinary share capital and treasury shares ²	36,958	38,432	38,432
Reserves	2,848	3,249	2,287
Retained earnings	34,736	36,528	33,802
Common Equity Tier 1 Capital before regulatory adjustments	74,542	78,209	74,521
Common Equity Tier 1 regulatory adjustments	(19,078)	(19,343)	(17,419)
Common Equity Tier 1 Capital	55,464	58,866	57,102
Additional Tier 1 Capital ³	10,563	12,008	10,825
Tier 1 Capital	66,027	70,874	67,927
Tier 2 Capital ³	18,928	18,472	17,822
Total Capital	84,955	89,346	85,749
Risk Weighted Assets	471,927	450,680	453,616

¹ Comparative information has been restated to conform to presentation in the current period.

² Inclusive of treasury shares of \$9 million (30 Jun 21: \$12 million, 31 Dec 20: \$15 million) held by the Group's eligible employee share scheme trusts.

³ Includes APRA Basel III non-compliant Additional Tier 1 and Tier 2 Capital Instruments amounting to \$138 million and \$264 million respectively as at 31 December 2021 that are eligible for inclusion in regulatory capital up until 1 January 2022 as part of the Basel III transitional relief arrangements.

Further details on the composition of the Group's capital are detailed in Appendix 11.1.

Capital (continued)

Group Regulatory Capital Position (continued)

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

Significant Group ADIs	31 Dec 21 %	30 Jun 21 %	31 Dec 20 ^{1,2} %
CBA Level 1 CET1 Capital ratio	12.0	13.3	12.8
CBA Level 1 Tier 1 Capital ratio	14.4	16.1	15.3
CBA Level 1 Total Capital ratio	18.6	20.3	19.3
ASB CET1 Capital ratio ³	12.9	12.7	11.6
ASB Tier 1 Capital ratio ³	14.5	14.4	13.2
ASB Total Capital ratio ³	14.6	15.1	13.9

1 Comparative information was restated in June 2021 to conform to presentation in the current period.

2 ASB comparatives were restated in June 2021 due to certain specialised lending exposures that were incorrectly classified as corporate lending exposures. There was no impact on CBA's Level 2 APRA reported ratios.

3 Calculated in accordance with the RBNZ Prudential Requirements.

CBA Level 1	31 Dec 21 \$M	30 Jun 21 ¹ \$M	31 Dec 20 ¹ \$M
Common Equity Tier 1 Capital	53,447	57,078	55,315
Additional Tier 1 ²	10,563	12,008	10,825
Tier 1 Capital	64,010	69,086	66,140
Tier 2 Capital ²	18,934	18,165	17,488
Total Capital	82,944	87,251	83,628
Risk Weighted Assets	444,878	429,948	433,568

1 Comparative information has been restated to conform to presentation in the current period.

2 Includes APRA Basel III non-compliant Additional Tier 1 and Tier 2 Capital Instruments amounting to \$138 million and \$264 million respectively as at 31 December 2021 that are eligible for inclusion in regulatory capital up until 1 January 2022 as part of the Basel III transitional relief arrangements.

ASB Banking Group ²	31 Dec 21 NZ\$M	30 Jun 21 NZ\$M	31 Dec 20 ¹ NZ\$M
Common Equity Tier 1 Capital	7,924	7,803	7,112
Additional Tier 1	1,000	1,000	1,000
Tier 1 Capital	8,924	8,803	8,112
Tier 2 Capital	23	432	433
Total Capital	8,947	9,235	8,545
Risk Weighted Assets	61,465	61,252	61,354

1 ASB comparatives were restated in June 2021 due to certain specialised lending exposures that were incorrectly classified as corporate lending exposures. There was no impact on CBA's Level 2 APRA reported ratios.

2 Calculated in accordance with the RBNZ Prudential Requirements.

Capital (continued)

Regulatory Capital Frameworks Comparison

The APRA Basel III capital requirements are more conservative than those of the BCBS, leading to lower reported capital ratios.

In July 2015, APRA published a study on the calculation of internationally comparable capital by Australian banks entitled "International capital comparison study" (APRA study). As at 31 December 2021, the Group's internationally comparable CET1, Tier 1 and Total Capital ratios were 18.4%, 21.4% and 26.6% respectively. The basis of this analysis aligns with the APRA study. The following table provides details on the differences, as at 31 December 2021, between the APRA Basel III capital requirements and the internationally comparable capital ratios.

Item	APRA Study		CET1	Tier 1	Total Capital
	Reference	Description of Adjustment	%	%	%
Basel III (APRA)			11.8	14.0	18.0
Equity investments	Appendix 1 Items 1, 2, 4	Balances below prescribed threshold are risk weighted, compared to a 100% CET1 deduction under APRA's requirements.	0.8	0.7	0.6
Capitalised expenses	Appendix 1 Item 5	Balances are risk weighted, compared to a 100% CET1 deduction under APRA's requirements.	0.1	0.1	0.1
Deferred tax assets	Appendix 1 Item 3	Balances below prescribed threshold are risk weighted, compared to a 100% CET1 deduction under APRA's requirements.	0.2	0.2	0.1
IRRBB RWA	3.3.2	APRA requires capital to be held for IRRBB. The BCBS does not have any capital requirement.	0.6	0.7	0.8
Residential mortgages	3.3.1	Loss Given Default (LGD) of 15%, compared to the 20% LGD floor under APRA's requirements and adjustments for higher correlation factor applied by APRA for Australian residential mortgages.	2.8	3.2	4.0
Other retail standardised exposures	3.3.6	Risk weighting of 75%, rather than 100% under APRA's requirements.	–	–	0.1
Unsecured non-retail exposures	3.3.3	LGD of 45%, compared to the 60% or higher LGD under APRA's requirements.	0.4	0.5	0.6
Non-retail undrawn commitments	3.3.4	Credit conversion factor of 75%, compared to 100% under APRA's requirements.	0.4	0.5	0.6
Specialised lending	3.3.5	Use of AIRB Probability of Default (PDs) and LGDs for income producing real estate and project finance exposures, reduced by application of a scaling factor of 1.06. APRA applies higher risk weights under a supervisory slotting approach, but does not require the application of the scaling factor.	1.2	1.4	1.6
Currency conversion	3.3.7	Increase in the A\$ equivalent concessional threshold level for small business retail and SME corporate exposures.	0.1	0.1	0.2
Subtotal ¹			18.4	21.4	26.7
Basel III non-compliant instruments		Removal of Basel III non-compliant Tier 1 and Tier 2 instruments that are currently subject to transitional rules.	–	–	(0.1)
Basel III (Internationally Comparable - aligns with APRA study)			18.4	21.4	26.6

¹ Represents ratios prior to adjustments made for non-compliant Basel III Tier 1 and Tier 2 Capital Instruments. This value is used in determining leverage ratio (internationally comparable) as determined on page 9.

The above calculations do not include the impact of a Basel I capital floor, which was introduced as a transitional measure as part of the implementation of Basel II. The Australian banks have now fully implemented the existing Basel III requirements and, therefore, it is difficult to calculate the impact of such a floor. APRA concluded in the APRA study that it is difficult to make adjustments for the floor in internationally comparable calculations at this time but the inclusion of a floor could reduce internationally comparable ratios by a material amount.

The Group's internationally comparable CET1 ratio quoted above does not take into consideration the concessional treatment advocated by the BCBS in its 3 April 2020 report "Measures to reflect the impact of COVID-19". Applying the transitional arrangements for expected credit loss accounting under AASB 9 could result in an uplift to the Group's 31 December 2021 internationally comparable CET1 ratio of up to 30 basis points.

Leverage Ratio

4

Leverage Ratio

The Group's Leverage Ratio, defined as Tier 1 Capital as a percentage of total exposures, was 5.3% at 31 December 2021 on an APRA basis and 6.2% on an internationally comparable basis. The ratio decreased 70 basis points on both an APRA and internationally comparable basis from 30 June 2021 driven by lower Tier 1 Capital primarily reflecting the impact of the off-market share buy-back and the redemption of PERLS VIII, and a 5% growth in exposures driven by increases in liquid assets and lending volumes.

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 ¹	31 Dec 21	30 Sep 21 ²	30 Jun 21 ²	31 Mar 21 ²	31 Dec 20 ²
Tier 1 Capital (\$M)	66,027	69,594	70,874	67,511	67,927
Total Exposures (\$M) ³	1,240,349	1,216,213	1,178,061	1,118,109	1,126,562
Leverage Ratio (APRA) (%)	5.3	5.7	6.0	6.0	6.0
Leverage Ratio (Internationally Comparable) (%) ⁴	6.2	6.6	6.9	6.8	6.8

1 Refer to Appendix 11.2 for further details on the composition of the leverage ratio.

2 Comparative information has been restated to conform to presentation in the current period.

3 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* (APS 110). Refer to Appendix 11.2 for the calculation of the 31 December 2021 exposures.

4 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 are currently subject to transitional rules. These non-compliant instruments will be phased out in full from inclusion in Regulatory Capital effective 1 January 2022.

Risk Weighted Assets

5 Risk Weighted Assets

RWA are calculated using 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 for rated exposures where APS 120 prohibits the Group using the ratings-based approach. The ratings-based approach is used for securitisation exposures rated by External Credit Assessment Institutions (ECAI) where APS 120 allows or requires.

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

Asset Category	Risk Weighted Assets			Change in RWA for December 2021 half	
	31 Dec 21 \$M	30 Jun 21 \$M	31 Dec 20 \$M	\$M	%
Credit Risk					
Subject to AIRB approach ¹					
Corporate	68,406	66,664	69,157	1,742	2.6
SME corporate	30,141	29,845	30,662	296	1.0
SME retail	5,730	5,935	6,583	(205)	(3.5)
SME retail secured by residential mortgage	2,789	2,947	3,087	(158)	(5.4)
Sovereign	2,463	2,466	2,668	(3)	(0.1)
Bank	4,359	5,379	6,424	(1,020)	(19.0)
Residential mortgage	167,999	159,758	151,950	8,241	5.2
Qualifying revolving retail	5,031	5,466	5,816	(435)	(8.0)
Other retail	10,804	11,177	11,511	(373)	(3.3)
Total RWA subject to AIRB approach	297,722	289,637	287,858	8,085	2.8
Specialised lending	65,825	63,705	60,136	2,120	3.3
Subject to standardised approach					
Corporate	1,289	1,234	1,194	55	4.5
SME corporate	641	805	752	(164)	(20.4)
SME retail	2,291	2,500	2,660	(209)	(8.4)
Sovereign	348	289	286	59	20.4
Bank	48	52	150	(4)	(7.7)
Residential mortgage	6,380	6,523	6,466	(143)	(2.2)
Other retail	971	938	1,017	33	3.5
Other assets	8,028	8,013	8,504	15	0.2
Total RWA subject to standardised approach	19,996	20,354	21,029	(358)	(1.8)
Securitisation	3,486	3,106	2,981	380	12.2
Credit valuation adjustment	3,110	4,157	4,446	(1,047)	(25.2)
Central counterparties	548	591	450	(43)	(7.3)
Total RWA for credit risk exposures	390,687	381,550	376,900	9,137	2.4
Traded market risk	10,803	8,307	11,161	2,496	30.0
Interest rate risk in the banking book	24,356	14,619	15,561	9,737	66.6
Operational risk	46,081	46,204	49,994	(123)	(0.3)
Total risk weighted assets	471,927	450,680	453,616	21,247	4.7

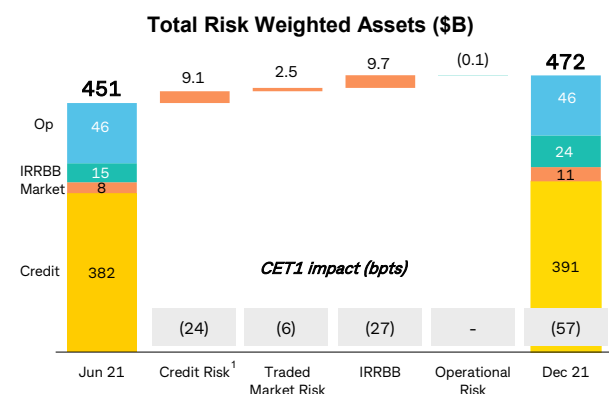
¹ Pursuant to APRA requirements, RWA amounts derived from AIRB risk weight functions have been multiplied by a scaling factor of 1.06.

Risk Weighted Assets (continued)

Risk Weighted Assets

Total Group RWA

Total RWA increased \$21.2 billion or 5% on the prior half to \$471.9 billion driven by growth in Interest Rate Risk in the Banking Book (IRRBB) RWA, Credit Risk RWA and Traded Market Risk RWA.



1 Includes -3 basis points impact from FX movement, which is capital neutral with offsetting impact in regulatory capital deductions.

Credit Risk RWA

Credit Risk RWA increased \$9.1 billion or 2% on the prior half to \$390.7 billion. Key drivers include:

- Volume growth (increase of \$13.5 billion) across commercial portfolios, residential mortgages, sovereign and securitisation exposures, partly offset by a reduction in unsecured retail portfolios, bank exposures and derivatives; and
- Foreign currency movements (increase of \$1.2 billion); partly offset by
- Credit quality movement (decrease of \$4.5 billion), driven by improvements across non-retail portfolios, partly offset by an increase in residential mortgage risk weights due to lower proportion of customers in advance; and
- Data and methodology, credit risk estimates and other changes (decrease of \$1.1 billion).

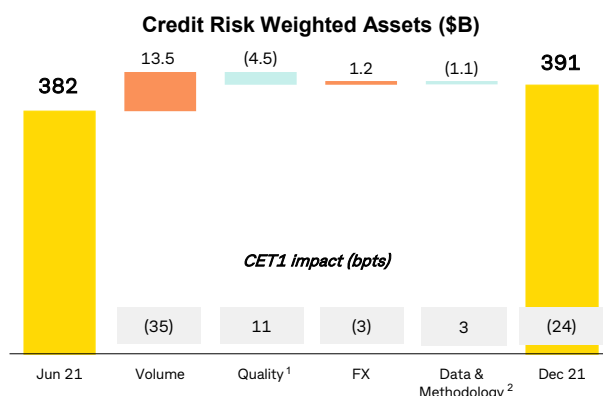
Explanation of Change in Credit Risk RWA

The composition of the movement in Credit Risk RWA over the half is shown below.

Asset Category	Credit RWA movement drivers					
	Change in RWA for Dec 21 half (\$M)	Volume changes (\$M)	FX changes (\$M)	Credit risk estimates changes and regulatory treatments (\$M)	Data and methodology changes (\$M)	Change in credit quality ¹ (\$M)
AIRB corporate including SME and specialised lending	3,796	7,889	746	(354)	(881)	(3,604)
AIRB bank	(1,021)	(477)	48	(28)	(30)	(534)
AIRB sovereign	(3)	178	14	(2)	3	(196)
AIRB consumer retail	7,434	6,237	230	410	5	552
Standardised ²	(1,449)	(750)	143	(277)	44	(609)
Securitisation exposures	380	470	-	-	-	(90)
Total credit RWA movement	9,137	13,547	1,181	(251)	(859)	(4,481)

1 Credit quality includes portfolio mix.

2 Including other assets, Central Counterparty (CCP) and Credit Valuation Adjustment (CVA).



1 Credit quality includes portfolio mix.

2 Includes data and methodology, credit risk estimate changes and regulatory treatments.

Traded Market Risk RWA

Traded Market Risk RWA increased \$2.5 billion or 30% on the prior half to \$10.8 billion. This was driven by an APRA capital overlay to be held until modelling work is completed by the Group and approved by APRA in relation to the revised Risks-Not-In-VaR (RNIV) framework.

Interest Rate Risk in the Banking Book (IRRBB) RWA

IRRBB RWA increased \$9.7 billion or 67% on the prior half to \$24.4 billion. In order to avoid significant earnings volatility through a rate cycle, the Group's equity is invested over a three year investment term (known as "the duration of equity"). Due to increased market rate volatility in the current half, in particular the significant increase in two and three year market swap rates in recent months, the amount of IRRBB capital recognised has increased, mainly reflecting the valuation differences to equity invested over a one year term.

Operational Risk RWA

Operational Risk RWA decreased \$0.1 billion on the prior half to \$46.1 billion. The Operational Risk RWA includes the \$6.25 billion add-on required by APRA. 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.

6.1 Credit Risk Exposure – excluding Equities and Securitisation

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

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

Portfolio Type	31 December 2021			Total	Average exposure for December 2021 half ¹	Change in exposure for December 2021 half ²	
	On Balance Sheet	Off Balance Sheet	Market related			\$M	\$M
	\$M	Non-market related	\$M	\$M	\$M	\$M	%
Subject to AIRB approach							
Corporate	74,275	47,576	8,527	130,378	125,657	9,441	7.8
SME corporate	47,000	11,513	736	59,249	57,994	2,509	4.4
SME retail	7,087	3,667	4	10,758	10,977	(439)	(3.9)
SME retail secured by residential mortgage	3,509	1,583	–	5,092	5,159	(134)	(2.6)
Sovereign	195,792	1,278	2,797	199,867	192,826	14,083	7.6
Bank	13,264	419	6,341	20,024	21,234	(2,419)	(10.8)
Residential mortgage	590,651	85,769	–	676,420	662,184	28,473	4.4
Qualifying revolving retail	7,843	15,710	–	23,553	23,800	(494)	(2.1)
Other retail	6,180	3,371	–	9,551	9,504	95	1.0
Total AIRB approach	945,601	170,886	18,405	1,134,892	1,109,335	51,115	4.7
Specialised lending	62,328	12,539	1,205	76,072	74,955	2,232	3.0
Subject to standardised approach							
Corporate	997	289	3	1,289	1,262	55	4.5
SME corporate	457	183	–	640	723	(165)	(20.5)
SME retail	1,663	613	7	2,283	2,385	(203)	(8.2)
Sovereign	5,650	1	–	5,651	3,329	4,644	large
Bank	231	–	–	231	238	(14)	(5.7)
Residential mortgage	13,062	1,915	–	14,977	14,994	(35)	(0.2)
Other retail	847	114	–	961	944	34	3.7
Other assets	19,748	–	–	19,748	19,401	692	3.6
Central counterparties	–	–	9,850	9,850	10,066	(431)	(4.2)
Total standardised approach	42,655	3,115	9,860	55,630	53,342	4,577	9.0
Total Credit Exposures ³	1,050,584	186,540	29,470	1,266,594	1,237,632	57,924	4.8

¹ The simple average of balances as at 31 December 2021 and 30 June 2021.

² The difference between exposures as at 31 December 2021 and 30 June 2021.

³ 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 half year are as follows:

Asset Category	Total exposure change	Regulatory Exposure Driver
	\$M	
AIRB corporate (including SME corporate and SME retail) and specialised lending	13,609	Volume growth across most portfolios and foreign exchange rate (FX) movements
AIRB sovereign	14,083	Increase in liquid assets held with central banks
AIRB bank	(2,419)	Decrease in liquid assets held with banks
AIRB consumer retail	28,074	Volume growth in residential mortgages and FX movements; partly offset by reductions in other consumer retail portfolios
Total advanced and specialised lending	53,347	
Standardised (including other assets and central counterparties)	4,577	Volume growth across standardised, other assets and FX movements
Total (excluding securitisation and equity exposures)	57,924	

Credit Risk (continued)

6.1 Credit Risk Exposure – excluding Equities and Securitisation (continued)

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

Portfolio Type	30 June 2021				Average exposure for June 2021 half ¹	Change in exposure for June 2021 half ²	
	On Balance Sheet	Off Balance Sheet		Total			
		Non-market related	Market related				
	\$M	\$M	\$M	\$M	\$M	%	
Subject to AIRB approach							
Corporate	64,843	46,013	10,081	120,937	122,315	(2,756)	(2. 2)
SME corporate	45,865	10,033	842	56,740	55,576	2,328	4. 3
SME retail	7,215	3,977	5	11,197	11,399	(404)	(3. 5)
SME retail secured by residential mortgage	3,675	1,551	–	5,226	5,265	(78)	(1. 5)
Sovereign	182,245	1,290	2,249	185,784	162,628	46,312	33. 2
Bank	15,480	398	6,565	22,443	23,580	(2,273)	(9. 2)
Residential mortgage	563,914	84,033	–	647,947	635,878	24,137	3. 9
Qualifying revolving retail	7,865	16,182	–	24,047	24,337	(579)	(2. 4)
Other retail	6,517	2,939	–	9,456	9,570	(228)	(2. 4)
Total AIRB approach	897,619	166,416	19,742	1,083,777	1,050,548	66,459	6. 5
Specialised lending	62,032	10,120	1,688	73,840	71,268	5,143	7. 5
Subject to standardised approach							
Corporate	961	273	–	1,234	1,214	40	3. 4
SME corporate	563	242	–	805	779	53	7. 0
SME retail	1,831	648	7	2,486	2,570	(168)	(6. 3)
Sovereign	1,006	1	–	1,007	801	412	69. 2
Bank	245	–	–	245	455	(421)	(63. 2)
Residential mortgage	13,092	1,920	–	15,012	14,892	241	1. 6
Other retail	876	51	–	927	965	(77)	(7. 7)
Other assets	19,056	–	–	19,056	21,232	(4,352)	(18. 6)
Central counterparties	–	–	10,281	10,281	10,461	(360)	(3. 4)
Total standardised approach	37,630	3,135	10,288	51,053	53,369	(4,632)	(8. 3)
Total credit exposures ³	997,281	179,671	31,718	1,208,670	1,175,185	66,970	5. 9

1 The simple average of balances as at 30 June 2021 and 31 December 2020.

2 The difference between exposures as at 30 June 2021 and 31 December 2020.

3 Total credit risk exposures (calculated as EAD) do not include equities or securitisation exposures.

Credit Risk (continued)

6.1 Credit Risk Exposure – excluding Equities and Securitisation (continued)

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

Portfolio Type	31 December 2020				Average exposure for December 2020 half ¹	Change in exposure for December 2020 half ²	
	On Balance Sheet	Off Balance Sheet		Total			
		Non-market related	Market related				
	\$M	\$M	\$M	\$M	\$M	\$M	%
Subject to AIRB approach							
Corporate	65,063	48,518	10,112	123,693	123,330	726	0.6
SME corporate	43,057	10,566	789	54,412	53,134	2,556	4.9
SME retail	7,082	4,508	11	11,601	11,593	16	0.1
SME retail secured by residential mortgage	3,649	1,655	–	5,304	5,421	(233)	(4.2)
Sovereign	135,955	1,151	2,366	139,472	123,798	31,348	29.0
Bank	17,057	404	7,255	24,716	24,445	542	2.2
Residential mortgage	543,741	80,069	–	623,810	611,662	24,297	4.1
Qualifying revolving retail	8,124	16,502	–	24,626	24,968	(683)	(2.7)
Other retail	6,662	3,022	–	9,684	9,770	(171)	(1.7)
Total AIRB approach	830,390	166,395	20,533	1,017,318	988,121	58,398	6.1
Specialised lending	56,649	9,844	2,204	68,697	67,565	2,264	3.4
Subject to standardised approach							
Corporate	1,026	153	15	1,194	1,076	237	24.8
SME corporate	604	141	7	752	747	11	1.5
SME retail	1,872	774	8	2,654	2,787	(266)	(9.1)
Sovereign	594	1	–	595	580	30	5.3
Bank	666	–	–	666	495	342	large
Residential mortgage	13,090	1,681	–	14,771	14,936	(331)	(2.2)
Other retail	968	36	–	1,004	1,062	(116)	(10.4)
Other assets	23,408	–	–	23,408	20,604	5,609	31.5
Central counterparties	–	–	10,641	10,641	10,562	158	1.5
Total standardised approach	42,228	2,786	10,671	55,685	52,849	5,674	11.3
Total credit exposures ³	929,267	179,025	33,408	1,141,700	1,108,535	66,336	6.2

1 The simple average of balances as at 31 December 2020 and 30 June 2020.

2 The difference between exposures as at 31 December 2020 and 30 June 2020.

3 Total credit risk exposures (calculated as EAD) do not include equities or securitisation exposures.

Credit Risk (continued)

6.1 Credit Risk Exposure – excluding Equities and Securitisation (continued)

Table 7b – Credit risk exposure by portfolio type

Portfolio Type	As at 31 Dec 21 \$M	Half year average ¹ \$M
Corporate	131,667	126,919
SME corporate	59,889	58,717
SME retail	13,041	13,362
SME retail secured by residential mortgage	5,092	5,159
Sovereign	205,518	196,155
Bank	20,255	21,472
Residential mortgage	691,397	677,178
Qualifying revolving retail	23,553	23,800
Other retail	10,512	10,448
Specialised lending	76,072	74,955
Other assets	19,748	19,401
Central counterparties	9,850	10,066
Total credit exposures ²	1,266,594	1,237,632

1 The simple average of closing balances of each half year.

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

Portfolio Type	As at 30 Jun 21 \$M	Half year average ¹ \$M
Corporate	122,171	123,529
SME corporate	57,545	56,355
SME retail	13,683	13,969
SME retail secured by residential mortgage	5,226	5,265
Sovereign	186,791	163,429
Bank	22,688	24,035
Residential mortgage	662,959	650,770
Qualifying revolving retail	24,047	24,337
Other retail	10,383	10,535
Specialised lending	73,840	71,268
Other assets	19,056	21,232
Central counterparties	10,281	10,461
Total credit exposures ²	1,208,670	1,175,185

1 The simple average of closing balances of each half year.

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

Portfolio Type	As at 31 Dec 20 \$M	Half year average ¹ \$M
Corporate	124,887	124,406
SME corporate	55,164	53,881
SME retail	14,255	14,380
SME retail secured by residential mortgage	5,304	5,421
Sovereign	140,067	124,378
Bank	25,382	24,940
Residential mortgage	638,581	626,598
Qualifying revolving retail	24,626	24,968
Other retail	10,688	10,832
Specialised lending	68,697	67,565
Other assets	23,408	20,604
Central counterparties	10,641	10,562
Total credit exposures ²	1,141,700	1,108,535

1 The simple average of closing balances of each half year.

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

Credit Risk (continued)

6.1 Credit Risk Exposure – excluding Equities and Securitisation (continued)

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

Portfolio Type	31 December 2021 ¹			
	Australia	New Zealand	Other	Total
	\$M	\$M	\$M	\$M
Corporate	87,781	13,475	30,411	131,667
SME corporate	44,159	15,330	400	59,889
SME retail ²	16,350	1,670	113	18,133
Sovereign	151,192	9,474	44,852	205,518
Bank	8,440	2,014	9,801	20,255
Residential mortgage	614,965	75,389	1,043	691,397
Qualifying revolving retail	23,552	–	1	23,553
Other retail	6,988	3,200	324	10,512
Specialised lending	62,331	10,259	3,482	76,072
Other assets	17,970	896	882	19,748
Central counterparties	242	–	9,608	9,850
Total credit exposures ³	1,033,970	131,707	100,917	1,266,594

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.

Portfolio Type	30 June 2021 ¹			
	Australia	New Zealand	Other	Total
	\$M	\$M	\$M	\$M
Corporate	82,265	11,609	28,297	122,171
SME corporate	41,641	15,120	784	57,545
SME retail ²	16,967	1,822	120	18,909
Sovereign	140,052	7,347	39,392	186,791
Bank	10,003	1,807	10,878	22,688
Residential mortgage	589,610	72,215	1,134	662,959
Qualifying revolving retail	24,045	–	2	24,047
Other retail	6,767	3,318	298	10,383
Specialised lending	59,871	10,504	3,465	73,840
Other assets	17,367	841	848	19,056
Central counterparties	547	–	9,734	10,281
Total credit exposures ³	989,135	124,583	94,952	1,208,670

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.

Portfolio Type	31 December 2020 ¹			
	Australia	New Zealand	Other	Total
	\$M	\$M	\$M	\$M
Corporate	81,651	12,600	30,636	124,887
SME corporate	39,541	15,137	486	55,164
SME retail ²	17,568	1,864	127	19,559
Sovereign	85,914	7,421	46,732	140,067
Bank	10,945	1,730	12,707	25,382
Residential mortgage	568,076	69,267	1,238	638,581
Qualifying revolving retail	24,624	–	2	24,626
Other retail	6,903	3,454	331	10,688
Specialised lending	56,574	8,889	3,234	68,697
Other assets	21,616	897	895	23,408
Central counterparties	332	–	10,309	10,641
Total credit exposures ³	913,744	121,259	106,697	1,141,700

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.

Credit Risk (continued)

6.1 Credit Risk Exposure – excluding Equities and Securitisation (continued)

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

Portfolio Type	31 December 2021							
	Industry Sector							
	Consumer \$M	Finance & Insurance \$M	Business Services \$M	Agriculture & Forestry \$M	Construction \$M	Mining, Oil & Gas \$M	Wholesale & Retail Trade \$M	Transport & Storage \$M
Corporate	–	31,083	5,312	5,054	3,582	5,383	12,650	18,741
SME corporate	–	1,654	4,557	19,822	3,797	266	8,904	2,590
SME retail ¹	–	363	1,696	1,758	2,347	102	2,447	997
Sovereign	–	–	–	–	–	–	–	–
Bank	–	20,242	–	–	–	–	–	–
Residential mortgage	691,397	–	–	–	–	–	–	–
Qualifying revolving retail	23,553	–	–	–	–	–	–	–
Other retail	10,512	–	–	–	–	–	–	–
Specialised lending	–	13	–	7	–	1,260	251	1,808
Other assets	2,438	–	–	–	–	–	–	–
Central counterparties	–	9,850	–	–	–	–	–	–
Total credit exposures ²	727,900	63,205	11,565	26,641	9,726	7,011	24,252	24,136

Portfolio Type	Industry Sector (continued)							
	Manufacturing \$M	Commercial Property ³ \$M	Government	Health &	Entertainment	Electricity Gas & Water \$M	Other \$M	Total \$M
			Admin. & Defence \$M	Community Services \$M	Leisure & Tourism \$M			
Corporate	11,651	11,080	–	6,592	5,481	7,163	7,895	131,667
SME corporate	3,699	214	–	4,283	6,365	116	3,622	59,889
SME retail ¹	934	1,614	–	787	989	43	4,056	18,133
Sovereign	–	–	205,518	–	–	–	–	205,518
Bank	–	–	–	–	–	–	13	20,255
Residential mortgage	–	–	–	–	–	–	–	691,397
Qualifying revolving retail	–	–	–	–	–	–	–	23,553
Other retail	–	–	–	–	–	–	–	10,512
Specialised lending	17	68,689	–	169	669	2,982	207	76,072
Other assets	–	–	–	–	–	–	17,310	19,748
Central counterparties	–	–	–	–	–	–	–	9,850
Total credit exposures ²	16,301	81,597	205,518	11,831	13,504	10,304	33,103	1,266,594

¹ SME retail business lending secured by residential property has been allocated by industry.

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

³ Commercial Property includes Real Estate Investment Trusts (REIT) and excludes Business Services.

Credit Risk (continued)

6.1 Credit Risk Exposure – excluding Equities and Securitisation (continued)

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

Portfolio Type	30 June 2021							
	Industry Sector							
	Consumer	Finance & Insurance	Business Services	Agriculture & Forestry	Construction	Mining, Oil & Gas	Wholesale & Retail Trade	Transport & Storage
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Corporate	–	26,590	4,891	3,896	3,308	5,764	11,192	19,094
SME corporate	–	2,193	4,279	19,378	3,496	305	8,334	2,413
SME retail ¹	–	379	1,686	1,801	2,335	101	2,557	982
Sovereign	–	–	–	–	–	–	–	–
Bank	–	22,673	–	–	–	–	–	–
Residential mortgage	662,959	–	–	–	–	–	–	–
Qualifying revolving retail	24,047	–	–	–	–	–	–	–
Other retail	10,383	–	–	–	–	–	–	–
Specialised lending	–	8	–	–	–	1,340	222	2,708
Other assets	2,253	–	–	–	–	–	–	–
Central counterparties	–	10,281	–	–	–	–	–	–
Total credit exposures ²	699,642	62,124	10,856	25,075	9,139	7,510	22,305	25,197

Portfolio Type	Industry Sector (continued)							Total
	Manufacturing	Commercial Property ³	Government	Health & Community	Entertainment	Electricity Gas & Water	Other	
			Admin. & Defence	Services	& Tourism			
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Corporate	10,534	10,057	–	5,760	4,798	8,067	8,220	122,171
SME corporate	3,472	323	–	3,780	6,080	139	3,353	57,545
SME retail ¹	956	1,732	–	792	1,028	46	4,514	18,909
Sovereign	–	–	186,791	–	–	–	–	186,791
Bank	–	–	–	–	–	–	15	22,688
Residential mortgage	–	–	–	–	–	–	–	662,959
Qualifying revolving retail	–	–	–	–	–	–	–	24,047
Other retail	–	–	–	–	–	–	–	10,383
Specialised lending	53	65,290	–	137	642	2,989	451	73,840
Other assets	–	–	–	–	–	–	16,803	19,056
Central counterparties	–	–	–	–	–	–	–	10,281
Total credit exposures ²	15,015	77,402	186,791	10,469	12,548	11,241	33,356	1,208,670

¹ SME retail business lending secured by residential property has been allocated by industry.

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

³ Commercial Property includes Real Estate Investment Trusts (REIT) and excludes Business Services.

Credit Risk (continued)

6.1 Credit Risk Exposure – excluding Equities and Securitisation (continued)

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

Portfolio Type	31 December 2020 ¹							
	Industry Sector							
	Consumer \$M	Finance & Insurance \$M	Business Services \$M	Agriculture & Forestry \$M	Construction \$M	Mining, Oil & Gas \$M	Wholesale & Retail Trade \$M	Transport & Storage \$M
Corporate	–	24,118	5,819	3,830	3,244	6,361	10,575	20,024
SME corporate	–	1,920	4,150	18,731	3,261	286	8,134	2,317
SME retail ²	–	395	1,710	1,836	2,287	99	2,634	992
Sovereign	–	–	–	–	–	–	–	–
Bank	–	24,953	–	–	–	–	–	–
Residential mortgage	638,581	–	–	–	–	–	–	–
Qualifying revolving retail	24,626	–	–	–	–	–	–	–
Other retail	10,688	–	–	–	–	–	–	–
Specialised lending	–	275	–	–	–	1,132	275	2,383
Other assets	2,156	–	–	–	–	–	–	–
Central counterparties	–	10,641	–	–	–	–	–	–
Total credit exposures ³	676,051	62,302	11,679	24,397	8,792	7,878	21,618	25,716

Portfolio Type	Industry Sector (continued)							Total \$M
	Manufacturing \$M	Commercial Property ⁴ \$M	Government	Health &	Entertainment	Electricity Gas & Water \$M	Other \$M	
			Admin. & Defence \$M	Community Services \$M	Leisure & Tourism \$M			
Corporate	10,723	11,358	–	6,262	5,127	8,709	8,737	124,887
SME corporate	3,294	180	–	3,533	5,808	135	3,415	55,164
SME retail ²	971	1,792	–	796	1,109	45	4,893	19,559
Sovereign	–	–	140,067	–	–	–	–	140,067
Bank	–	–	–	–	–	–	429	25,382
Residential mortgage	–	–	–	–	–	–	–	638,581
Qualifying revolving retail	–	–	–	–	–	–	–	24,626
Other retail	–	–	–	–	–	–	–	10,688
Specialised lending	53	61,343	–	139	642	2,383	72	68,697
Other assets	–	–	–	–	–	–	21,252	23,408
Central counterparties	–	–	–	–	–	–	–	10,641
Total credit exposures ³	15,041	74,673	140,067	10,730	12,686	11,272	38,798	1,141,700

¹ Comparative information was restated in June 2021 to conform to presentation in the current period.

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

³ Total credit risk exposures do not include equities or securitisation exposures.

⁴ Commercial Property includes Real Estate Investment Trusts (REIT) and excludes Business Services.

Credit Risk (continued)

6.1 Credit Risk Exposure – excluding Equities and Securitisation (continued)

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

Portfolio Type	31 December 2021				Total \$M
	≤ 12mths \$M	1 ≤ 5yrs \$M	> 5 years \$M	No specified maturity \$M	
Corporate	51,284	73,216	7,167	–	131,667
SME corporate	20,424	35,173	4,292	–	59,889
SME retail ¹	6,540	6,625	4,968	–	18,133
Sovereign	138,472	32,220	34,826	–	205,518
Bank	10,038	9,272	945	–	20,255
Residential mortgage	28,880	78,854	553,316	30,347	691,397
Qualifying revolving retail	–	–	–	23,553	23,553
Other retail	259	4,330	1,949	3,974	10,512
Specialised lending	23,588	48,434	4,050	–	76,072
Other assets	2,479	453	292	16,524	19,748
Central counterparties	3,963	5,422	465	–	9,850
Total credit exposures ²	285,927	293,999	612,270	74,398	1,266,594

¹ Including SME retail secured by residential property.

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

Portfolio Type	30 June 2021				Total \$M
	≤ 12mths \$M	1 ≤ 5yrs \$M	> 5 years \$M	No specified maturity \$M	
Corporate	44,107	71,441	6,623	–	122,171
SME corporate	20,758	33,514	3,273	–	57,545
SME retail ¹	6,762	7,615	4,532	–	18,909
Sovereign	114,530	37,231	35,030	–	186,791
Bank	10,271	11,690	727	–	22,688
Residential mortgage	30,241	85,675	514,996	32,047	662,959
Qualifying revolving retail	–	–	–	24,047	24,047
Other retail	279	4,359	1,832	3,913	10,383
Specialised lending	23,647	44,676	5,517	–	73,840
Other assets	2,411	198	339	16,108	19,056
Central counterparties	3,732	5,512	1,037	–	10,281
Total credit exposures ²	256,738	301,911	573,906	76,115	1,208,670

¹ Including SME retail secured by residential property.

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

Portfolio Type	31 December 2020 ¹				Total \$M
	≤ 12mths \$M	1 ≤ 5yrs \$M	> 5 years \$M	No specified maturity \$M	
Corporate	45,912	71,929	7,046	–	124,887
SME corporate	20,605	31,171	3,388	–	55,164
SME retail ²	6,991	7,829	4,739	–	19,559
Sovereign	57,635	39,780	42,652	–	140,067
Bank	10,868	14,169	345	–	25,382
Residential mortgage	25,721	95,197	484,719	32,944	638,581
Qualifying revolving retail	–	–	–	24,626	24,626
Other retail	271	4,568	1,851	3,998	10,688
Specialised lending	21,884	41,799	5,014	–	68,697
Other assets	2,342	187	273	20,606	23,408
Central counterparties	5,055	4,146	1,440	–	10,641
Total credit exposures ³	197,284	310,775	551,467	82,174	1,141,700

¹ Comparative information was restated in June 2021 to conform to presentation in the current period.

² Including SME retail secured by residential property.

³ Total credit risk exposures do not include equities or securitisation exposures.

Credit Risk (continued)

6.2 Past Due and Impaired Exposures, Provisions and Reserves

All provisions recognised in accordance with accounting standards that have been assessed on an individual basis are classified as specific provisions in accordance with APS 220 *Credit Quality* (APS 220)¹. Most of the collective provisions raised under 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 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.

¹ APS 220 has been revised and renamed to *Credit Risk Management* effective from 1 January 2022.

Reconciliation of Australian Accounting Standards and APS 220 based credit provisions and Table 7j – General reserve for credit losses

	31 December 2021		
	General reserve for credit losses ¹	Specific provision ¹	Total provisions
	\$M	\$M	\$M
Collective provision ²	4,567	495	5,062
Individual provisions ²	–	792	792
Total regulatory provisions	4,567	1,287	5,854

¹ Provisions classified according to APS 220.

² Provisions according to Australian Accounting Standards.

	30 June 2021		
	General reserve for credit losses ¹	Specific provision ¹	Total provisions
	\$M	\$M	\$M
Collective provision ²	4,683	628	5,311
Individual provisions ²	–	900	900
Total regulatory provisions	4,683	1,528	6,211

¹ Provisions classified according to APS 220.

² Provisions according to Australian Accounting Standards.

	31 December 2020		
	General reserve for credit losses ¹	Specific provision ¹	Total provisions
	\$M	\$M	\$M
Collective provision ²	5,274	669	5,943
Individual provisions ²	–	872	872
Total regulatory provisions	5,274	1,541	6,815

¹ Provisions classified according to APS 220.

² Provisions according to Australian Accounting Standards.

Credit Risk (continued)

6.2 Past Due and Impaired Exposures, Provisions and Reserves (continued)

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

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

Industry Sector	31 December 2021				
	Impaired assets	Past due loans ≥ 90 days ¹	Specific provision balance ²	Net half year charges for individual provisions	Half year actual losses ³
	\$M	\$M	\$M	\$M	\$M
Consumer	2,061	2,603	620	(10)	136
Government Administration & Defence	–	–	–	–	–
Finance & Insurance	23	3	3	–	1
Business Services	119	61	70	6	7
Agriculture & Forestry	217	96	74	3	2
Mining, Oil & Gas	85	2	37	10	–
Manufacturing	249	31	137	17	54
Electricity, Gas & Water	74	43	17	17	–
Construction	66	29	28	2	8
Wholesale & Retail Trade	139	69	107	10	22
Transport & Storage	161	131	36	20	32
Commercial Property	35	96	21	(2)	46
Entertainment, Leisure & Tourism	110	72	59	7	6
Health & Community Services	3	18	1	–	–
Other	140	90	77	6	12
Total	3,482	3,344	1,287	86	326

1 Represents loans ≥ 90 days past due but not impaired.

2 Specific provision balance includes certain Australian Accounting Standards collective provisions on some defaulted loans.

3 Actual losses equal write-offs from individual provisions, write-offs direct from collective provisions less recoveries of amounts previously written off, for the half year ended 31 December 2021.

Industry Sector	30 June 2021				
	Impaired assets	Past due loans ≥ 90 days ¹	Specific provision balance ²	Net half year charges for individual provisions	Half year actual losses ³
	\$M	\$M	\$M	\$M	\$M
Consumer	1,927	3,045	777	12	189
Government Administration & Defence	–	–	–	–	–
Finance & Insurance	6	5	3	(1)	1
Business Services	132	37	69	30	2
Agriculture & Forestry	237	95	73	16	9
Mining, Oil & Gas	57	2	31	(7)	–
Manufacturing	289	24	186	32	29
Electricity, Gas & Water	–	5	–	–	–
Construction	94	30	39	6	3
Wholesale & Retail Trade	189	86	122	34	14
Transport & Storage	182	36	54	12	23
Commercial Property	84	197	66	3	1
Entertainment, Leisure & Tourism	123	87	58	5	2
Health & Community Services	3	11	1	1	–
Other	86	100	49	9	22
Total	3,409	3,760	1,528	152	295

1 Represents loans ≥ 90 days past due but not impaired.

2 Specific provision balance includes certain Australian Accounting Standards collective provisions on some defaulted loans.

3 Actual losses equal write-offs from individual provisions, write-offs direct from collective provisions less recoveries of amounts previously written off, for the half year ended 30 June 2021.

Credit Risk (continued)

6.2 Past Due and Impaired Exposures, Provisions and Reserves (continued)

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

Industry Sector	31 December 2020 ¹				
	Impaired assets	Past due loans	Specific provision balance	Net half year charges for individual provisions	Half year actual losses
	\$M	≥ 90 days ² \$M	\$M	\$M	\$M
Consumer	1,663	2,522	837	8	261
Government Administration & Defence	–	–	–	–	–
Finance & Insurance	6	–	5	–	3
Business Services	120	31	37	(2)	18
Agriculture & Forestry	242	77	64	(4)	7
Mining, Oil & Gas	122	3	40	(5)	–
Manufacturing	297	37	183	52	70
Electricity, Gas & Water	–	1	–	–	–
Construction	85	30	38	(8)	7
Wholesale and Retail Trade	144	82	98	49	23
Transport & Storage	123	24	72	17	13
Commercial Property	75	127	64	3	4
Entertainment, Leisure & Tourism	123	75	53	2	7
Health & Community Services	11	11	–	–	–
Other	89	102	50	2	20
Total	3,100	3,122	1,541	114	433

1 Comparative information was restated in June 2021 to conform to presentation in the current period.

2 Represents loans ≥ 90 days past due but not impaired.

3 Specific provision balance includes certain Australian Accounting Standards collective provisions on some defaulted loans.

4 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 2020.

Factors impacting the loss experience

The overall quality of the portfolio was relatively stable during the half year ended 31 December 2021. Gross impaired assets as a proportion of gross loans and advances (GLAAs) remained relatively stable during the half year ended 31 December 2021. Total provisions as a proportion of GLAAs decreased by 7 basis points to 0.69%. The decrease reflected a reduction in collective provisions, driven by improvement in the economic outlook and a reduction in overlays for higher risk customer segments, as well as lower individual provisions. This was partly offset by increased forward looking adjustments and overlays mainly to account for emerging risks. Group actual losses increased by \$31 million on the prior half year mainly due to write offs for a small number of large commercial exposures.

Credit Risk (continued)

6.2 Past Due and Impaired Exposures, Provisions and Reserves (continued)

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

Portfolio	31 December 2021				
	Impaired assets	Past due loans	Specific provision balance	Net half year charges for individual provisions	Half year actual losses
	\$M	≥ 90 days ¹	\$M	\$M	\$M
Corporate including SME, specialised lending and central counterparties	1,421	741	666	96	190
Sovereign	–	–	–	–	–
Bank	–	–	–	–	–
Residential mortgage	1,902	2,603	477	(11)	22
Qualifying revolving retail	66	–	58	–	44
Other retail	93	–	86	1	70
Total	3,482	3,344	1,287	86	326

1 Represents loans ≥ 90 days past due but not impaired.

2 Specific provision balance includes certain Australian Accounting Standards collective provisions on some defaulted loans.

3 Actual losses equal write-offs from individual provisions, write-offs direct from collective provisions less recoveries of amounts previously written off, for the half year ended 31 December 2021.

Portfolio	30 June 2021				
	Impaired assets	Past due loans	Specific provision balance	Net half year charges for individual provisions	Half year actual losses
	\$M	≥ 90 days ¹	\$M	\$M	\$M
Corporate including SME, specialised lending and central counterparties	1,482	715	751	140	106
Sovereign	–	–	–	–	–
Bank	–	–	–	–	–
Residential mortgage	1,746	3,045	598	5	27
Qualifying revolving retail	82	–	80	–	61
Other retail	99	–	99	7	101
Total	3,409	3,760	1,528	152	295

1 Represents loans ≥ 90 days past due but not impaired.

2 Specific provision balance includes certain Australian Accounting Standards collective provisions on some defaulted loans.

3 Actual losses equal write-offs from individual provisions, write-offs direct from collective provisions less recoveries of amounts previously written off, for the half year ended 30 June 2021.

Portfolio	31 December 2020 ¹				
	Impaired assets	Past due loans	Specific provision balance	Net half year charges for individual provisions	Half year actual losses
	\$M	≥ 90 days ²	\$M	\$M	\$M
Corporate including SME, specialised lending and central counterparties	1,437	600	704	106	172
Sovereign	–	–	–	–	–
Bank	–	–	–	–	–
Residential mortgage	1,451	2,504	627	9	36
Qualifying revolving retail	87	–	86	(3)	111
Other retail	125	18	124	2	114
Total	3,100	3,122	1,541	114	433

1 Comparative information was restated in June 2021 to conform to presentation in the current period.

2 Represents loans ≥ 90 days past due but not impaired.

3 Specific provision balance includes certain Australian Accounting Standards collective provisions on some defaulted loans.

4 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 2020.

Credit Risk (continued)

6.2 Past Due and Impaired Exposures, Provisions and Reserves (continued)

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

Geographic Region ¹	31 December 2021		
	Impaired assets	Past due loans ≥ 90 days ²	Specific provision balance
	\$M	\$M	\$M
Australia	2,247	3,083	1,032
New Zealand	908	106	148
Other	327	155	107
Total	3,482	3,344	1,287

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

2 Represents loans ≥ 90 days past due but not impaired.

Geographic Region ¹	30 June 2021		
	Impaired assets	Past due loans ≥ 90 days ²	Specific provision balance
	\$M	\$M	\$M
Australia	2,178	3,585	1,227
New Zealand	849	131	152
Other	382	44	149
Total	3,409	3,760	1,528

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

2 Represents loans ≥ 90 days past due but not impaired.

Geographic Region ¹	31 December 2020		
	Impaired assets	Past due loans ≥ 90 days ²	Specific provision balance
	\$M	\$M	\$M
Australia	2,199	2,927	1,244
New Zealand	524	190	145
Other	377	5	152
Total	3,100	3,122	1,541

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

2 Represents loans ≥ 90 days past due but not impaired.

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

Table 7g (ii) – GRCL by geographic region

Geographic Region	31 Dec 21	30 Jun 21	31 Dec 20
	\$M	\$M	\$M
Australia	3,958	3,992	4,524
New Zealand	331	368	464
Other	278	323	286
Total GRCL	4,567	4,683	5,274

Credit Risk (continued)

6.2 Past Due and Impaired Exposures, Provisions and Reserves (continued)

Table 7h (i) – Movement in collective provisions and general reserve for credit losses

	Half Year Ended		
	31 Dec 21	30 Jun 21	31 Dec 20
	\$M	\$M	\$M
Movement in Collective Provisions			
Opening balance	5,311	5,943	5,396
Net charge against profit and loss	(161)	(481)	768
Recoveries	67	62	69
Other	33	23	10
Write-offs	(188)	(236)	(300)
Total collective provisions	5,062	5,311	5,943
Less collective provisions transferred to specific provisions	(495)	(628)	(669)
General reserve for credit losses	4,567	4,683	5,274

Table 7h (ii) – Movement in individual provisions and specific provisions

	Half Year Ended		
	31 Dec 21	30 Jun 21	31 Dec 20
	\$M	\$M	\$M
Movement in Individual Provisions			
Opening balance for the period	900	872	967
Net new and increased provisioning	176	260	236
Net write back of provisions no longer required	(90)	(107)	(122)
Discount unwind to interest income	(8)	(9)	(7)
Other	19	5	–
Write-offs	(205)	(121)	(202)
Total individual provisions	792	900	872
Add collective provisions transferred to specific provisions	495	628	669
Specific provisions	1,287	1,528	1,541

6.3 Portfolios Subject to Standardised and Supervisory Risk Weights

The standardised approach is also used by the Group where portfolios or segments are considered to be immaterial by the size of exposure or where APRA requires a standardised approach to be used.

Portfolios that use the standardised approach include:

CBA:

- Some retail SMEs (overdrawn accounts);
- Non-rated corporate exposures;
- Some residential mortgages (including purchased portfolios and reverse mortgages);
- Margin lending;
- Non-recourse purchased receivables; and
- Central counterparties.

Bankwest:

- Some residential mortgages (equity lines of credit); and
- Some unsecured consumer retail (personal cheque accounts).

All exposures in the following entities:

- CBE;
- PTBC; and
- CBA Europe N.V.

ASB:

- Personal loans and Retail SME.

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

Standardised Approach Exposures	Exposure after credit risk mitigation ¹		
	31 Dec 21	30 Jun 21	31 Dec 20
	\$M	\$M	\$M
Risk Weight			
0%	14,169	8,865	12,544
20%	3,380	3,509	3,610
35%	10,677	10,354	9,887
50%	3,676	3,725	3,971
75%	674	729	790
100%	13,168	13,539	14,202
150%	34	51	39
> 150%	2	–	1
Capital deductions	–	–	–
Total	45,780	40,772	45,044

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

Credit Risk (continued)

6.3 Portfolios Subject to Standardised and Supervisory Risk Weights (continued)

	31 Dec 21	30 Jun 21	31 Dec 20
	\$M	\$M	\$M
Specialised Lending Exposures Subject to Supervisory Slotting¹			
Risk Weight			
0%	425	455	473
70%	22,666	23,669	20,266
90%	46,669	43,255	41,293
115%	5,794	5,885	5,835
250%	518	576	830
Total exposures	76,072	73,840	68,697

1 APRA requires 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.

6.4 Portfolios Subject to Internal Ratings-based Approaches

The Group's mapping of internal rating scales for risk-rated exposure to external rating agencies is detailed in Table 9b below.

Table 9b – Internal ratings structure for credit risk exposures and mapping to external ratings

Description	Internal Rating	Probability of Default	S&P Rating	Moody's Rating
Exceptional	A0 to A3	0% - 0.035%	AAA to AA-	Aaa to Aa3
Strong	B1 to C3	>0.035% - 0.446%	A+ to BBB-	A1 to Baa3
Pass	D1 to E3	>0.446% - 6.656%	BB+ to B	Ba1 to B2
Weak/Doubtful	F1 to G3	>6.656%	B- to CC	B3 to Ca
Restructured	R	30.998%	-	-
Defaulted	H	100%	D	C

Table 9c – PD rating methodology by portfolio segment

Portfolio Segment	PD Rating Methodology
Sovereign exposures	Expert judgement assigned risk rating, informed but not driven by rating agency views.
Bank exposures	Combination of expert judgement and PD Rating Tool assigned risk ratings.
Large corporate exposures	Combination of expert judgement and PD Rating Tool assigned risk ratings depending on the industry sector.
SME corporate exposures	PD Rating Tool and expert judgement assigned risk rating.
SME retail exposures	SME behaviour score assigned PD pools.
Consumer retail exposures (including residential mortgages, qualifying revolving credit and other retail)	Depending on the product, PD pools are assigned using product specific application scorecards, behavioural scorecards, payment status or a combination thereof.

Credit Risk (continued)

6.4 Portfolios Subject to Internal Ratings-based Approaches (continued)

Credit Risk Exposure Subject to the AIRB Approach

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

	31 December 2021							Default \$M	Total \$M
	PD Band								
	0 < 0.03% \$M	0.03% < 0.15% \$M	0.15% < 0.5% \$M	0.5% < 3% \$M	3% < 10% \$M	10% < 100% \$M			
Non-retail¹									
Total credit risk exposures									
Corporate	–	45,727	44,196	38,618	611	539	687	130,378	
SME corporate	–	667	4,863	48,837	2,365	1,430	1,087	59,249	
SME retail ²	–	–	1,538	10,508	3,070	493	241	15,850	
Sovereign	178,398	20,820	635	11	3	–	–	199,867	
Bank	–	19,610	398	16	–	–	–	20,024	
Total	178,398	86,824	51,630	97,990	6,049	2,462	2,015	425,368	
Undrawn commitments³									
Corporate	–	16,695	18,574	11,858	272	84	93	47,576	
SME corporate	–	118	1,156	9,684	352	131	72	11,513	
SME retail ²	–	–	1,405	3,066	678	88	13	5,250	
Sovereign	820	397	54	6	1	–	–	1,278	
Bank	–	416	1	2	–	–	–	419	
Total	820	17,626	21,190	24,616	1,303	303	178	66,036	
Exposure - average EAD (\$M)									
Corporate	–	3.113	1.506	0.822	0.453	0.822	1.189	1.404	
SME corporate	–	0.395	0.428	0.456	0.367	0.322	0.380	0.461	
SME retail ²	–	–	0.083	0.066	0.046	0.083	0.075	0.056	
Sovereign	12.410	20.841	1.423	0.212	0.180	–	–	11.334	
Bank	–	1.746	0.310	0.125	–	–	–	1.804	
Exposure - weighted average LGD (%)									
Corporate	–	55.8	46.4	38.1	40.7	26.3	53.8	47.3	
SME corporate	–	51.6	28.1	26.2	28.6	30.4	31.3	27.8	
SME retail ²	–	–	37.0	32.4	43.1	31.0	31.6	34.3	
Sovereign	5.4	10.4	50.7	57.9	60.0	–	–	6.1	
Bank	–	58.8	59.9	60.0	–	–	–	59.1	
Exposure - weighted average risk weight (%)⁴									
Corporate	–	27.4	53.1	78.7	148.3	149.3	44.3	55.1	
SME corporate	–	21.7	28.4	47.9	77.9	140.3	127.5	52.6	
SME retail ²	–	–	22.5	43.5	84.5	108.6	193.8	54.1	
Sovereign	0.9	2.6	45.7	96.4	194.4	–	–	1.3	
Bank	–	21.0	54.7	115.3	–	–	–	24.0	

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.

4 Includes 1.06 scaling factor.

Credit Risk (continued)

6.4 Portfolios Subject to Internal Ratings-based Approaches (continued)

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

	30 June 2021							Total \$M
	PD Band							
	0 < 0.03%	0.03% < 0.15%	0.15% < 0.5%	0.5% < 3%	3% < 10%	10% < 100%	Default	
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Non-retail ¹								
Total credit risk exposures								
Corporate	–	39,769	42,568	36,230	707	828	835	120,937
SME corporate	–	1,279	4,533	45,554	2,651	1,608	1,115	56,740
SME retail ²	–	–	1,476	10,924	3,234	506	283	16,423
Sovereign	164,448	20,872	456	8	–	–	–	185,784
Bank	–	21,588	842	13	–	–	–	22,443
Total	164,448	83,508	49,875	92,729	6,592	2,942	2,233	402,327
Undrawn commitments ³								
Corporate	–	15,845	17,829	11,748	315	129	147	46,013
SME corporate	–	290	1,051	8,065	418	128	81	10,033
SME retail ²	–	–	1,330	3,370	726	86	16	5,528
Sovereign	913	328	43	6	–	–	–	1,290
Bank	–	364	32	2	–	–	–	398
Total	913	16,827	20,285	23,191	1,459	343	244	63,262
Exposure - average EAD (\$M)								
Corporate	–	2.937	1.586	0.852	0.402	0.856	1.562	1.404
SME corporate	–	0.848	0.459	0.468	0.385	0.359	0.367	0.461
SME retail ²	–	–	0.080	0.055	0.048	0.079	0.075	0.056
Sovereign	11.017	21.255	1.059	0.184	–	–	–	11.334
Bank	–	2.070	0.463	0.073	–	–	–	1.804
Exposure - weighted average LGD (%)								
Corporate	–	55.3	46.2	40.0	42.7	39.5	51.9	47.3
SME corporate	–	55.1	28.6	26.7	28.8	30.0	33.2	27.8
SME retail ²	–	–	37.3	31.8	42.3	32.4	31.2	34.3
Sovereign	5.4	10.7	47.9	56.8	–	–	–	6.1
Bank	–	59.0	59.9	59.7	–	–	–	59.1
Exposure - weighted average risk weight (%) ⁴								
Corporate	–	27.9	52.6	81.8	155.9	207.3	88.4	55.1
SME corporate	–	23.2	28.4	48.9	79.0	137.8	148.5	52.6
SME retail ²	–	–	22.7	42.6	83.7	110.4	222.4	54.1
Sovereign	1.0	2.7	52.2	123.5	–	–	–	1.3
Bank	–	22.4	61.5	121.3	–	–	–	24.0

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.

⁴ Includes 1.06 scaling factor.

Credit Risk (continued)

6.4 Portfolios Subject to Internal Ratings-based Approaches (continued)

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

	31 December 2020							Total \$M
	PD Band							
	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	
Non-retail ¹								
Total credit risk exposures								
Corporate	–	40,615	43,430	36,754	809	1,211	874	123,693
SME corporate	–	762	3,994	43,963	2,668	1,965	1,060	54,412
SME retail ²	–	–	1,576	11,089	3,436	518	286	16,905
Sovereign	111,366	27,562	543	1	–	–	–	139,472
Bank	–	23,449	1,233	34	–	–	–	24,716
Total	111,366	92,388	50,776	91,841	6,913	3,694	2,220	359,198
Undrawn commitments ³								
Corporate	–	17,075	18,156	12,576	329	213	169	48,518
SME corporate	–	207	1,057	8,656	413	172	61	10,566
SME retail ²	–	–	1,420	3,850	787	85	21	6,163
Sovereign	893	214	43	1	–	–	–	1,151
Bank	–	307	96	1	–	–	–	404
Total	893	17,803	20,772	25,084	1,529	470	251	66,802
Exposure - average EAD (\$M)								
Corporate	–	2.905	1.795	0.944	0.506	1.025	1.608	1.538
SME corporate	–	0.471	0.492	0.497	0.448	0.438	0.491	0.491
SME retail ²	–	–	0.100	0.065	0.053	0.099	0.128	0.066
Sovereign	7.941	36.750	1.394	0.043	–	–	–	9.172
Bank	–	1.985	0.588	0.178	–	–	–	1.750
Exposure - weighted average LGD (%)								
Corporate	–	55.4	45.7	41.1	43.7	43.1	53.4	47.5
SME corporate	–	52.9	30.8	28.0	30.3	31.8	33.8	28.9
SME retail ²	–	–	41.3	32.5	42.1	32.8	32.7	35.3
Sovereign	5.6	9.9	42.8	25.4	–	–	–	6.6
Bank	–	59.2	60.0	60.0	–	–	–	59.3
Exposure - weighted average risk weight (%) ⁴								
Corporate	–	27.2	52.1	82.3	161.7	223.0	141.3	55.9
SME corporate	–	20.4	30.3	50.8	84.3	147.0	173.1	56.4
SME retail ²	–	–	28.1	44.7	88.2	113.0	227.3	57.2
Sovereign	1.6	2.7	34.7	46.2	–	–	–	1.9
Bank	–	24.2	58.4	114.8	–	–	–	26.0

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.

⁴ Includes 1.06 scaling factor.

Credit Risk (continued)

6.4 Portfolios Subject to Internal Ratings-based Approaches (continued)

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

Retail	31 December 2021							Total
	PD Band							
	0 < 0.1%	0.1% < 0.3%	0.3% < 0.5%	0.5% < 3%	3% < 10%	10% < 100%	Default	
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Total credit risk exposures								
Residential mortgage	191,090	138,447	84,047	243,358	9,634	4,916	4,928	676,420
Qualifying revolving retail	203	14,679	3,267	3,894	1,288	174	48	23,553
Other retail	72	53	60	5,843	2,977	453	93	9,551
Total	191,365	153,179	87,374	253,095	13,899	5,543	5,069	709,524
Undrawn commitments ¹								
Residential mortgage	45,152	18,515	10,210	11,671	180	16	25	85,769
Qualifying revolving retail	166	11,303	2,413	1,594	206	28	–	15,710
Other retail	53	11	37	2,911	265	88	6	3,371
Total	45,371	29,829	12,660	16,176	651	132	31	104,850
Exposure - average EAD (\$M)								
Residential mortgage	0.272	0.296	0.274	0.279	0.270	0.284	0.258	0.279
Qualifying revolving retail	0.004	0.009	0.007	0.008	0.007	0.007	0.006	0.008
Other retail	0.006	0.317	0.006	0.005	0.009	0.001	0.004	0.005
Exposure - weighted average LGD (%)								
Residential mortgage	20.0	19.6	19.6	20.2	20.3	20.0	20.4	19.9
Qualifying revolving retail	81.0	84.9	84.2	84.5	84.2	83.9	84.6	84.6
Other retail	78.1	81.8	91.2	82.2	82.8	91.7	87.4	82.9
Exposure - weighted average risk weight (%) ²								
Residential mortgage	4.4	12.3	21.3	41.0	103.9	141.8	159.0	24.8
Qualifying revolving retail	4.8	5.5	13.7	43.7	128.7	210.9	81.9	21.4
Other retail	18.5	34.0	61.0	98.9	128.2	194.4	282.1	113.1

¹ The credit exposure value of undrawn commitments included in Total credit risk exposures above.

² Includes 1.06 scaling factor.

Credit Risk (continued)

6.4 Portfolios Subject to Internal Ratings-based Approaches (continued)

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

	30 June 2021							Total \$M
	PD Band							
Retail	0 < 0.1% \$M	0.1% < 0.3% \$M	0.3% < 0.5% \$M	0.5% < 3% \$M	3% < 10% \$M	10% < 100% \$M	Default \$M	
Total credit risk exposures								
Residential mortgage	191,827	129,335	79,325	224,671	11,217	6,259	5,313	647,947
Qualifying revolving retail	204	14,686	3,311	4,103	1,470	212	61	24,047
Other retail	55	71	56	5,453	3,240	483	98	9,456
Total	192,086	144,092	82,692	234,227	15,927	6,954	5,472	681,450
Undrawn commitments ¹								
Residential mortgage	43,945	15,585	10,037	14,128	256	61	21	84,033
Qualifying revolving retail	169	11,707	2,454	1,596	225	30	1	16,182
Other retail	44	11	36	2,491	265	87	5	2,939
Total	44,158	27,303	12,527	18,215	746	178	27	103,154
Exposure - average EAD (\$M)								
Residential mortgage	0.273	0.298	0.280	0.288	0.268	0.220	0.272	0.283
Qualifying revolving retail	0.004	0.009	0.007	0.008	0.007	0.007	0.006	0.008
Other retail	0.005	0.438	0.006	0.006	0.010	0.001	0.005	0.006
Exposure - weighted average LGD (%)								
Residential mortgage	20.0	19.7	19.4	20.3	21.0	19.7	20.3	20.0
Qualifying revolving retail	81.0	84.9	84.2	84.5	84.3	84.0	84.7	84.6
Other retail	106.9	99.8	105.2	88.6	83.5	91.2	87.8	87.2
Exposure - weighted average risk weight (%) ²								
Residential mortgage	4.4	12.7	20.7	40.5	98.6	131.7	155.2	24.7
Qualifying revolving retail	4.8	5.5	13.7	44.2	128.7	212.2	60.3	22.7
Other retail	25.2	44.1	70.5	105.7	129.5	193.3	199.6	118.2

¹ The credit exposure value of undrawn commitments included in Total credit risk exposures above.

² Includes 1.06 scaling factor.

Credit Risk (continued)

6.4 Portfolios Subject to Internal Ratings-based Approaches (continued)

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

Retail	31 December 2020							Total \$M
	PD Band							
	0 < 0.1% \$M	0.1% < 0.3% \$M	0.3% < 0.5% \$M	0.5% < 3% \$M	3% < 10% \$M	10% < 100% \$M	Default \$M	
Total credit risk exposures								
Residential mortgage	198,208	122,221	71,882	208,809	11,290	6,924	4,476	623,810
Qualifying revolving retail	–	15,132	3,436	4,218	1,558	222	60	24,626
Other retail	50	56	48	5,773	3,111	522	124	9,684
Total	198,258	137,409	75,366	218,800	15,959	7,668	4,660	658,120
Undrawn commitments ¹								
Residential mortgage	44,717	14,620	8,504	11,977	176	60	15	80,069
Qualifying revolving retail	–	11,905	2,567	1,755	242	32	1	16,502
Other retail	45	10	34	2,580	260	89	4	3,022
Total	44,762	26,535	11,105	16,312	678	181	20	99,593
Exposure - average EAD (\$M)								
Residential mortgage	0.278	0.295	0.273	0.279	0.274	0.228	0.278	0.280
Qualifying revolving retail	–	0.009	0.007	0.008	0.008	0.007	0.007	0.008
Other retail	0.004	0.373	0.005	0.007	0.010	0.002	0.005	0.006
Exposure - weighted average LGD (%)								
Residential mortgage	20.0	19.7	19.4	20.4	21.2	19.8	20.3	20.0
Qualifying revolving retail	–	84.8	84.2	84.5	84.2	83.9	84.6	84.6
Other retail	107.8	99.6	106.2	88.3	83.3	90.5	86.6	87.0
Exposure - weighted average risk weight (%) ²								
Residential mortgage	4.4	12.8	20.6	41.2	101.7	134.6	135.2	24.4
Qualifying revolving retail	–	5.6	13.9	44.2	128.5	211.6	267.9	23.6
Other retail	26.7	43.3	70.5	105.9	129.3	194.1	235.5	118.9

¹ The credit exposure value of undrawn commitments included in Total credit risk exposures above.

² Includes 1.06 scaling factor.

Credit Risk (continued)

6.4 Portfolios Subject to Internal Ratings-based Approaches (continued)

Analysis of Losses

The following tables provide a summary of financial losses by AIRB portfolio (Table 9e) and a comparison of financial losses to regulatory Expected Loss (EL) estimates (Table 9f (i)). Actual losses may differ from modelled regulatory EL for a number of reasons.

Actual losses (whether from standardised or AIRB portfolios) are historical and are based on the quality of impaired assets in prior periods, full or partial write-offs, and more recent economic conditions. Actual losses are expected to be below the regulatory EL estimate in most years. Regulatory EL measures economic loss at a point in time and includes costs (such as internal costs) not included in actual losses. Regulatory EL is calculated on non-defaulted and defaulted AIRB exposures using long-run PDs and downturn LGDs for non-defaulted exposures, and the Best Estimate of Expected Loss (BEEL) for defaulted exposures.

Table 9e – Actual losses by portfolio type

Portfolio Type	31 December 2021		
	Half year losses in reporting period		
	Gross write-offs \$M	Recoveries \$M	Actual losses \$M
Corporate	84	–	84
SME corporate	29	(4)	25
SME retail (including SME retail secured by residential mortgages)	9	–	9
Specialised lending	47	–	47
Total corporate including SME and specialised lending	169	(4)	165
Sovereign	–	–	–
Bank	–	–	–
Residential mortgage (excluding SME retail secured by residential mortgages)	22	(2)	20
Qualifying revolving retail	72	(28)	44
Other retail	84	(28)	56
Total AIRB and specialised lending portfolios	347	(62)	285

Portfolio Type	30 June 2021		
	Full year losses in reporting period		
	Gross write-offs \$M	Recoveries \$M	Actual losses \$M
Corporate	105	–	105
SME corporate	87	(2)	85
SME retail (including SME retail secured by residential mortgages)	39	(1)	38
Specialised lending	3	–	3
Total corporate including SME and specialised lending	234	(3)	231
Sovereign	–	–	–
Bank	–	–	–
Residential mortgage (excluding SME retail secured by residential mortgages)	68	(5)	63
Qualifying revolving retail	238	(66)	172
Other retail	236	(48)	188
Total AIRB and specialised lending portfolios	776	(122)	654

Portfolio Type	31 December 2020		
	Half year losses in reporting period		
	Gross write-offs \$M	Recoveries \$M	Actual losses \$M
Corporate	82	–	82
SME corporate	41	(1)	40
SME retail (including SME retail secured by residential mortgages)	21	(1)	20
Specialised lending	2	–	2
Total corporate including SME and specialised lending	146	(2)	144
Sovereign	–	–	–
Bank	–	–	–
Residential mortgage (excluding SME retail secured by residential mortgages)	39	(3)	36
Qualifying revolving retail	141	(30)	111
Other retail	130	(29)	101
Total AIRB and specialised lending portfolios	456	(64)	392

Credit Risk (continued)

6.4 Portfolios Subject to Internal Ratings-based Approaches (continued)

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

Portfolio Type	31 December 2021	
	Half year actual loss	Regulatory one year expected loss estimate
	\$M	\$M
Corporate	84	779
SME corporate	25	606
SME retail (including SME retail secured by residential mortgages)	9	203
Specialised lending	47	880
Total corporate including SME and specialised lending	165	2,468
Sovereign	–	3
Bank	–	5
Residential mortgage (excluding SME retail secured by residential mortgages)	20	1,498
Qualifying revolving retail	44	230
Other retail	56	360
Total AIRB and specialised lending portfolios	285	4,564

Portfolio Type	30 June 2021	
	Full year actual loss	Regulatory one year expected loss estimate
	\$M	\$M
Corporate	105	872
SME corporate	85	652
SME retail (including SME retail secured by residential mortgages)	38	209
Specialised lending	3	879
Total corporate including SME and specialised lending	231	2,612
Sovereign	–	3
Bank	–	6
Residential mortgage (excluding SME retail secured by residential mortgages)	63	1,578
Qualifying revolving retail	172	292
Other retail	188	396
Total AIRB and specialised lending portfolios	654	4,887

Portfolio Type	31 December 2020	
	Half year actual loss	Regulatory one year expected loss estimate
	\$M	\$M
Corporate	82	931
SME corporate	40	661
SME retail (including SME retail secured by residential mortgages)	20	215
Specialised lending	2	878
Total corporate including SME and specialised lending	144	2,685
Sovereign	–	3
Bank	–	7
Residential mortgage (excluding SME retail secured by residential mortgages)	36	1,574
Qualifying revolving retail	111	269
Other retail	101	415
Total AIRB and specialised lending portfolios	392	4,953

Credit Risk (continued)

6.4 Portfolios Subject to Internal Ratings-based Approaches (continued)

Accuracy of Risk Estimates

The following tables compare credit risk estimates used in calculating regulatory capital to realised outcomes.

Probability of Default

Table 9f (ii) compares estimates of long-run PD to actual default rates averaged over the period from the time of AIRB accreditation (2009 for most portfolios).

Average estimated PD is based on the average of long-run PD's for obligors that are not in default at the beginning of each financial year in the observation period. Actual PD is based on the number of defaulted obligors during the year compared to the non-defaulted obligors measured at the beginning of each financial year.

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

Portfolio Type	31 December 2021	
	Average estimated PD	Average actual PD
	%	%
Corporate	1.30	0.88
SME corporate	2.29	1.98
SME retail (including SME retail secured by residential mortgages) ¹	2.00	1.60
Specialised lending ²	n/a	1.49
Sovereign ³	0.50	0.02
Bank ³	0.26	0.22
Residential mortgage (excluding SME retail secured by residential mortgages)	0.85	0.72
Qualifying revolving retail	1.82	1.85
Other retail	5.15	4.81

1 The average annual PD represents a 7.5 year observation period for part of the portfolio.

2 Average estimated PD not relevant for specialised lending under the Supervisory Slotting approach.

3 Actual PDs based on 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 2019 financial years. LGDs for retail portfolios are based on accounts that defaulted in 2014 to 2021 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.

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

Portfolio Type	31 December 2021		
	Average estimated downturn LGD	Average actual LGD	Ratio of estimated EAD to actual EAD
	%	%	
Corporate	55.0	38.9	1.2
SME corporate	32.8	20.0	1.1
SME retail (including SME retail secured by residential mortgages)	31.9	21.4	1.1
Specialised lending ¹	n/a	29.2	1.1
Sovereign ²	61.0	1.2	2.0
Bank ²	65.4	109.9	1.8
Residential mortgage (excluding SME retail secured by residential mortgages) ^{3,4}	20.2	2.8	1.0
Qualifying revolving retail ⁴	87.1	66.8	1.1
Other retail ⁴	96.8	70.9	1.0

1 Average estimated LGD not relevant for specialised lending under the Supervisory Slotting approach.

2 Actual LGDs based on low volume of defaults observed.

3 Estimated downturn LGD based on minimum regulatory floor requirements imposed by APRA and RBNZ.

4 Historical observed LGD data for all retail portfolios has been restated for the financial period 2014-2020, to reflect an enhancement in calculation methodology

Credit Risk (continued)

6.5 Credit Risk Mitigation

Table 10b and 10c – Credit risk mitigation

	31 December 2021				
	Total exposure ¹	Eligible financial collateral	Exposures covered by guarantees	Exposures covered by credit derivatives	Coverage
	\$M	\$M	\$M	\$M	%
Advanced approach²					
Corporate	130,378	–	365	–	0.3
SME corporate	59,249	–	–	–	–
SME retail ³	15,850	–	–	–	–
Sovereign	199,867	–	–	–	–
Bank	20,024	–	–	–	–
Residential mortgage	676,420	–	–	–	–
Qualifying revolving retail	23,553	–	–	–	–
Other retail	9,551	–	–	–	–
Total advanced approach	1,134,892	–	365	–	0.0
Specialised lending	76,072	–	–	–	–
Standardised approach					
Corporate	1,289	–	–	–	–
SME corporate	640	–	–	–	–
SME retail	2,283	–	–	–	–
Sovereign	5,651	–	–	–	–
Bank	231	–	–	–	–
Residential mortgage	14,977	–	–	–	–
Other retail	961	–	–	–	–
Other assets	19,748	–	–	–	–
Central clearing counterparties	9,850	–	–	–	–
Total standardised approach	55,630	–	–	–	–
Total exposures	1,266,594	–	365	–	0.0

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 and guarantees is after netting and financial collateral.

3 Including SME retail secured by residential property.

Credit Risk (continued)

6.5 Credit Risk Mitigation (continued)

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

	30 June 2021				
	Total exposure ¹	Eligible financial collateral	Exposures covered by guarantees	Exposures covered by credit derivatives	Coverage
	\$M	\$M	\$M	\$M	%
Advanced approach²					
Corporate	120,937	–	440	–	0.4
SME corporate	56,740	–	–	–	–
SME retail ³	16,423	–	–	–	–
Sovereign	185,784	–	–	–	–
Bank	22,443	–	–	–	–
Residential mortgage	647,947	–	–	–	–
Qualifying revolving retail	24,047	–	–	–	–
Other retail	9,456	–	–	–	–
Total advanced approach	1,083,777	–	440	–	0.0
Specialised lending	73,840	–	44	–	0.1
Standardised approach					
Corporate	1,234	–	–	–	–
SME corporate	805	–	–	–	–
SME retail	2,486	–	–	–	–
Sovereign	1,007	–	–	–	–
Bank	245	–	–	–	–
Residential mortgage	15,012	–	–	–	–
Other retail	927	–	–	–	–
Other assets	19,056	–	–	–	–
Central clearing counterparties	10,281	–	–	–	–
Total standardised approach	51,053	–	–	–	–
Total exposures	1,208,670	–	484	–	0.0

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 and guarantees is after netting and financial collateral.

3 Including SME retail secured by residential property.

Credit Risk (continued)

6.5 Credit Risk Mitigation (continued)

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

	31 December 2020 ¹				
	Total exposure ²	Eligible financial collateral	Exposures covered by guarantees	Exposures covered by credit derivatives	Coverage
	\$M	\$M	\$M	\$M	%
Advanced approach ³					
Corporate	123,693	–	510	–	0.4
SME corporate	54,412	–	–	–	–
SME retail ⁴	16,905	–	–	–	–
Sovereign	139,472	–	–	–	–
Bank	24,716	–	–	–	–
Residential mortgage	623,810	–	–	–	–
Qualifying revolving retail	24,626	–	–	–	–
Other retail	9,684	–	–	–	–
Total advanced approach	1,017,318	–	510	–	0.1
Specialised lending	68,697	–	–	–	–
Standardised approach					
Corporate	1,194	–	–	–	–
SME corporate	752	–	–	–	–
SME retail	2,654	–	–	–	–
Sovereign	595	–	–	–	–
Bank	666	–	–	–	–
Residential mortgage	14,771	–	–	–	–
Other retail	1,004	–	–	–	–
Other assets	23,408	–	–	–	–
Central clearing counterparties	10,641	–	–	–	–
Total standardised approach	55,685	–	–	–	–
Total exposures	1,141,700	–	510	–	0.0

1 Comparative information was restated in June 2021 to conform to presentation in the current period.

2 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.

3 Advanced approach: Exposure for derivatives and guarantees is after netting and financial collateral.

4 Including SME retail secured by residential property.

6.6 Counterparty Credit Risk

Table 11b (i) Counterparty credit risk derivative exposure under the SA-CCR method ¹

	31 Dec 21	30 Jun 21	31 Dec 20 ²
	\$M	\$M	\$M
Gross positive fair value	19,643	21,034	33,594
Netting and collateral benefits	(14,399)	(14,740)	(25,809)
Including collateral held of which:			
Cash	(3,995)	(4,218)	(4,106)
Replacement cost	5,244	6,294	7,785
Potential future exposure	8,817	9,074	8,551
Impact of scaling factor of 1.4 and incurred CVA	5,559	6,069	6,431
Exposure at Default	19,620	21,437	22,767

1 Excluding exposures to CCP's.

2 Comparative information was restated in June 2021 to conform to presentation in the current period.

Credit Risk (continued)

6.6 Counterparty Credit Risk (continued)

Table 11b (ii) Counterparty credit risk derivative exposure ¹

Exposure type	Current Credit Exposure		
	31 Dec 21	30 Jun 21	31 Dec 20
	\$M	\$M	\$M
Interest rate contracts	4,148	5,775	9,131
Foreign currency contracts	14,719	14,774	24,120
Equity contracts	–	–	–
Credit derivatives	7	8	9
Commodities and other	769	477	334
Total	19,643	21,034	33,594

1 Excluding exposures to CCP's.

Table 11c Counterparty credit risk derivative transactions

Notional value by product type as at 31 December 2021 ^{1, 2}	Own Credit Portfolio		Intermediation Activity	
	Protection buyer	Protection seller	Protection buyer	Protection seller
	\$M	\$M	\$M	\$M
Credit default swaps	1,891	–	–	335
Total return swaps	–	–	–	–
Credit options	–	–	–	–
Other	–	–	–	–
Total	1,891	–	–	335

1 Excluding exposures to CCP's.

2 Notional values are presented for credit derivatives with positive fair values and include credit derivative hedges.

Notional value by product type as at 30 June 2021 ^{1, 2}	Own Credit Portfolio		Intermediation Activity	
	Protection buyer	Protection seller	Protection buyer	Protection seller
	\$M	\$M	\$M	\$M
Credit default swaps	2,154	–	–	421
Total return swaps	–	–	–	–
Credit options	–	–	–	–
Other	–	–	–	–
Total	2,154	–	–	421

1 Excluding exposures to CCP's.

2 Notional values are presented for credit derivatives with positive fair values and include credit derivative hedges.

Notional value by product type as at 31 December 2020 ^{1, 2}	Own Credit Portfolio		Intermediation Activity	
	Protection buyer	Protection seller	Protection buyer	Protection seller
	\$M	\$M	\$M	\$M
Credit default swaps	2,233	–	–	450
Total return swaps	–	–	–	–
Credit options	–	–	–	–
Other	–	–	–	–
Total	2,233	–	–	450

1 Excluding exposures to CCP's.

2 Notional values are presented for credit derivatives with positive fair values and include credit derivative hedges.

Credit Risk (continued)

6.7 Securitisation

Banking Book

The following table provides banking book exposures securitised by the Group and third party securitised assets where the Group is classified as a sponsor. The Group originated exposures can be broken down as follows:

- Group originated assets - capital relief comprise CBA Medallion Trust subject to capital treatment under APS 120.
- Group originated assets - non-capital relief comprise CBA Medallion Trust subject to capital treatment under APS 113 *Capital Adequacy: Internal Ratings-based Approach to Credit Risk*.
- Group originated assets - internal RMBS comprise CBA Medallion and ASB Medallion Trusts, held for contingent liquidity purposes.
- Third party originated assets comprise assets managed and sponsored by the Group.

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

Underlying Asset	31 December 2021			
	Group originated assets - capital relief	Group originated assets - non capital relief	Group originated assets - internal RMBS	Third party originated assets
	\$M	\$M	\$M	\$M
Residential mortgage	4,553	4,370	128,487	–
Credit cards and other personal loans	–	–	–	–
Auto and equipment finance	–	–	–	–
Commercial loans	–	–	–	–
Other	–	–	–	–
Total	4,553	4,370	128,487	–

Underlying Asset	30 June 2021			
	Group originated assets - capital relief	Group originated assets - non capital relief	Group originated assets - internal RMBS	Third party originated assets
	\$M	\$M	\$M	\$M
Residential mortgage	5,097	5,007	125,957	–
Credit cards and other personal loans	–	–	–	–
Auto and equipment finance	–	–	–	–
Commercial loans	–	–	–	–
Other	–	–	–	–
Total	5,097	5,007	125,957	–

Underlying Asset	31 December 2020			
	Group originated assets - capital relief	Group originated assets - non capital relief	Group originated assets - internal RMBS	Third party originated assets
	\$M	\$M	\$M	\$M
Residential mortgage	5,152	6,234	107,554	–
Credit cards and other personal loans	–	–	–	–
Auto and equipment finance	–	–	–	–
Commercial loans	–	–	–	–
Other	–	–	–	–
Total	5,152	6,234	107,554	–

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.

Credit Risk (continued)

6.7 Securitisation (continued)

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

Underlying Asset	31 December 2021			
	Group originated assets securitised			
	Outstanding exposure \$M	Impaired assets \$M	Past due ¹ \$M	Losses recognised \$M
Residential mortgage	137,410	75	374	–
Credit cards and other personal loans	–	–	–	–
Auto and equipment finance	–	–	–	–
Commercial loans	–	–	–	–
Other	–	–	–	–
Total	137,410	75	374	–

¹ Represents loans ≥ 90 days past due but not impaired.

Underlying Asset	30 June 2021			
	Group originated assets securitised			
	Outstanding exposure \$M	Impaired assets \$M	Past due ¹ \$M	Losses recognised \$M
Residential mortgage	136,061	52	397	–
Credit cards and other personal loans	–	–	–	–
Auto and equipment finance	–	–	–	–
Commercial loans	–	–	–	–
Other	–	–	–	–
Total	136,061	52	397	–

¹ Represents loans ≥ 90 days past due but not impaired.

Underlying Asset	31 December 2020			
	Group originated assets securitised			
	Outstanding exposure \$M	Impaired assets \$M	Past due ¹ \$M	Losses recognised \$M
Residential mortgage	118,940	22	278	–
Credit cards and other personal loans	–	–	–	–
Auto and equipment finance	–	–	–	–
Commercial loans	–	–	–	–
Other	–	–	–	–
Total	118,940	22	278	–

¹ Represents loans ≥ 90 days past due but not impaired.

Table 12i – Banking book exposures intended to be securitised

As at 31 December 2021, the Group does not have any outstanding banking book exposures that are intended to be securitised.

Credit Risk (continued)

6.7 Securitisation (continued)

Table 12j – Banking book activity for the reporting period

The Group's new securitisation activity in the banking book during the half year ended 31 December 2021, was \$2,625 million.

Underlying Asset	Half year ended 31 December 2021	
	Total exposures securitised	Recognised gain or loss on sale
	\$M	\$M
Residential mortgages	2,080	–
Credit cards and other personal loans	105	–
Auto and equipment finance	382	–
Commercial loans	58	–
Other	–	–
Total	2,625	–

Underlying Asset	Full year ended 30 June 2021	
	Total exposures securitised	Recognised gain or loss on sale
	\$M	\$M
Residential mortgages	2,650	–
Credit cards and other personal loans	252	–
Auto and equipment finance	350	–
Commercial loans	–	–
Other	–	–
Total	3,252	–

Underlying Asset	Half year ended 31 December 2020	
	Total exposures securitised	Recognised gain or loss on sale
	\$M	\$M
Residential mortgages	414	–
Credit cards and other personal loans	2	–
Auto and equipment finance	–	–
Commercial loans	–	–
Other	–	–
Total	416	–

Credit Risk (continued)

6.7 Securitisation (continued)

Table 12k – Banking book securitisation exposures retained or purchased

Securitisation Facility Type	31 December 2021		
	On Balance Sheet	Off Balance Sheet	Total exposures
	\$M	\$M	\$M
Liquidity support facilities	–	242	242
Warehouse facilities	8,279	6,103	14,382
Derivative facilities	–	325	325
Holdings of securities	4,876	–	4,876
Other	–	15	15
Total securitisation exposures in the banking book	13,155	6,685	19,840

Securitisation Facility Type	30 June 2021		
	On Balance Sheet	Off Balance Sheet	Total exposures
	\$M	\$M	\$M
Liquidity support facilities	–	265	265
Warehouse facilities	6,725	4,758	11,483
Derivative facilities	–	412	412
Holdings of securities	5,039	–	5,039
Other	–	15	15
Total securitisation exposures in the banking book	11,764	5,450	17,214

Securitisation Facility Type	31 December 2020 ¹		
	On Balance Sheet	Off Balance Sheet	Total exposures
	\$M	\$M	\$M
Liquidity support facilities	–	293	293
Warehouse facilities	5,009	4,814	9,823
Derivative facilities	–	475	475
Holdings of securities	5,300	–	5,300
Other	–	10	10
Total securitisation exposures in the banking book	10,309	5,592	15,901

¹ Comparative information was restated in June 2021 to conform to presentation in the current period.

Credit Risk (continued)

6.7 Securitisation (continued)

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

Total securitisation exposures in the banking book increased by \$2,629 million or 15% during the half year ended 31 December 2021. The corresponding RWA increased by \$381 million or 12%, mainly due to the downward revision of warehouse risk weights.

Risk Weight Band	31 December 2021					
	Exposures		Total exposures	Risk Weighted Assets		Total RWA
	Securitisation	Resecuritisation		Securitisation	Resecuritisation	
	\$M	\$M	\$M	\$M	\$M	\$M
≤ 25%	19,750	–	19,750	3,434	–	3,434
> 25% ≤ 35%	–	–	–	–	–	–
> 35% ≤ 50%	63	–	63	27	–	27
> 50% ≤ 75%	27	–	27	14	–	14
> 75% ≤ 100%	–	–	–	–	–	–
> 100% ≤ 650%	–	–	–	–	–	–
> 650% ≤ 1250%	–	–	–	–	–	–
Total	19,840	–	19,840	3,475	–	3,475

Risk Weight Band	30 June 2021					
	Exposures		Total exposures	Risk Weighted Assets		Total RWA
	Securitisation	Resecuritisation		Securitisation	Resecuritisation	
	\$M	\$M	\$M	\$M	\$M	\$M
≤ 25%	17,100	–	17,100	3,042	–	3,042
> 25% ≤ 35%	–	–	–	–	–	–
> 35% ≤ 50%	73	–	73	32	–	32
> 50% ≤ 75%	38	–	38	20	–	20
> 75% ≤ 100%	–	–	–	–	–	–
> 100% ≤ 650%	–	–	–	–	–	–
> 650% ≤ 1250%	–	–	–	–	–	–
Total	17,211	–	17,211	3,094	–	3,094

Risk Weight Band	31 December 2020					
	Exposures		Total exposures	Risk Weighted Assets		Total RWA
	Securitisation	Resecuritisation		Securitisation	Resecuritisation	
	\$M	\$M	\$M	\$M	\$M	\$M
≤ 25%	15,355	–	15,355	2,794	–	2,794
> 25% ≤ 35%	435	–	435	118	–	118
> 35% ≤ 50%	67	–	67	28	–	28
> 50% ≤ 75%	41	–	41	23	–	23
> 75% ≤ 100%	–	–	–	–	–	–
> 100% ≤ 650%	–	–	–	–	–	–
> 650% ≤ 1250%	–	–	–	–	–	–
Total	15,898	–	15,898	2,963	–	2,963

Credit Risk (continued)

6.7 Securitisation (continued)

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

Total securitisation exposures deducted from Tier 1 capital decreased by \$3 million during the half year ended 31 December 2021 and there is nil movement during the half year ended 30 June 2021.

Underlying Asset	Common Equity Tier 1 Capital		
	31 Dec 21	30 Jun 21	31 Dec 20
	\$M	\$M	\$M
Residential mortgage	–	3	3
Credit cards and other personal loans	–	–	–
Auto and equipment finance	–	–	–
Commercial loans	–	–	–
Other	–	–	–
Total	–	3	3

Table 12m – Banking book exposures subject to early amortisation

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

Table 12n – Banking book resecuritisation exposures

The Group does not have any retained or repurchased banking book resecuritisation exposure.

Trading Book

Table 12o – Trading book exposures securitised

The Group has no traditional or synthetic securitisation exposures in the trading book.

Table 12p – Trading book exposures intended to be securitised

As at 31 December 2021, the Group does not have any outstanding trading book exposures that are intended to be securitised.

Table 12q – Trading book activity for the reporting period

The Group participated in third party securitisation in the trading book during the half year ended 31 December 2021, relating to \$1 million residential mortgages (30 June 2021: \$35 million, 31 December 2020: \$35 million), \$6 million auto and equipment finance (30 June 2021: \$38 million, 31 December 2020: nil), and \$0.3 million personal finance (30 June 2021: \$7 million, 31 December 2020: \$4 million) exposures.

Table 12r – Trading book exposures subject to APS 116

The aggregate amount of exposures securitised by the Group and subject to APS 116 was \$64 million as at 31 December 2021 (30 June 2021: \$74 million, 31 December 2020: \$93 million), all of which are traditional securitisations. This consists of:

- Securities held in the trading book subject to the Standard Method of Nil (30 June 2021: Nil, 31 December 2020: \$36 million); and
- Derivatives held in the trading book subject to the Internal Models Approach (IMA) of \$64 million (30 June 2021: \$74 million, 31 December 2020: \$57 million).

Credit Risk (continued)

6.7 Securitisation (continued)

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

Securitisation Facility Type	31 December 2021		
	On Balance Sheet	Off Balance Sheet	Total exposures
	\$M	\$M	\$M
Liquidity support facilities	–	–	–
Warehouse facilities	–	–	–
Derivative facilities	–	64	64
Holdings of securities	–	–	–
Other	–	–	–
Total securitisation exposures in the trading book	–	64	64

Securitisation Facility Type	30 June 2021		
	On Balance Sheet	Off Balance Sheet	Total exposures
	\$M	\$M	\$M
Liquidity support facilities	–	–	–
Warehouse facilities	–	–	–
Derivative facilities	–	74	74
Holdings of securities	–	–	–
Other	–	–	–
Total securitisation exposures in the trading book	–	74	74

Securitisation Facility Type	31 December 2020 ¹		
	On Balance Sheet	Off Balance Sheet	Total exposures
	\$M	\$M	\$M
Liquidity support facilities	–	–	–
Warehouse facilities	–	–	–
Derivative facilities	–	57	57
Holdings of securities	36	–	36
Other	–	–	–
Total securitisation exposures in the trading book	36	57	93

¹ Comparative information was restated in June 2021 to conform to presentation in the current period.

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

The Group has \$64 million of derivatives exposures held in the trading book subject to IMA (default risk) under APS 116 as at 31 December 2021 (30 June 2021: \$74 million, 31 December 2020: \$57 million).

Credit Risk (continued)

6.7 Securitisation (continued)

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

Risk Weight Band	31 December 2021		
	ERBA Approach	SFA Approach	Total exposures
	\$M	\$M	\$M
≤ 25%	38	26	64
> 25% ≤ 35%	–	–	–
> 35% ≤ 50%	–	–	–
> 50% ≤ 75%	–	–	–
> 75% ≤ 100%	–	–	–
> 100% ≤ 650%	–	–	–
> 650% ≤ 1250%	–	–	–
Total	38	26	64

Risk Weight Band	30 June 2021		
	ERBA Approach	SFA Approach	Total exposures
	\$M	\$M	\$M
≤ 25%	58	16	74
> 25% ≤ 35%	–	–	–
> 35% ≤ 50%	–	–	–
> 50% ≤ 75%	–	–	–
> 75% ≤ 100%	–	–	–
> 100% ≤ 650%	–	–	–
> 650% ≤ 1250%	–	–	–
Total	58	16	74

Risk Weight Band	31 December 2020		
	ERBA Approach	SFA Approach	Total exposures
	\$M	\$M	\$M
≤ 25%	71	14	85
> 25% ≤ 35%	–	8	8
> 35% ≤ 50%	–	–	–
> 50% ≤ 75%	–	–	–
> 75% ≤ 100%	–	–	–
> 100% ≤ 650%	–	–	–
> 650% ≤ 1250%	–	–	–
Total	71	22	93

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

The Group has \$821 million of RWA held in the trading book subject to IMA (default risk) under APS 116 as at 31 December 2021 (30 June 2021: \$796 million, 31 December 2020: \$142 million).

Credit Risk (continued)

6.7 Securitisation (continued)

Table 12u (ii) – Capital requirements (RWA) of trading book exposures subject to APS 120 by risk weighting

31 December 2021									
Risk Weight Band	ERBA Approach		SFA Approach		Standardised Approach		Total Capital Requirements		
	Securitisation \$M	Resecuritisation \$M	Securitisation \$M	Resecuritisation \$M	Securitisation \$M	Resecuritisation \$M	Securitisation \$M	Resecuritisation \$M	
≤ 25%	6	–	5	–	–	–	11	–	
> 25% ≤ 35%	–	–	–	–	–	–	–	–	
> 35% ≤ 50%	–	–	–	–	–	–	–	–	
> 50% ≤ 75%	–	–	–	–	–	–	–	–	
> 75% ≤ 100%	–	–	–	–	–	–	–	–	
> 100% ≤ 650%	–	–	–	–	–	–	–	–	
> 650% ≤ 1250%	–	–	–	–	–	–	–	–	
Total	6	–	5	–	–	–	11	–	

30 June 2021									
Risk Weight Band	ERBA Approach		SFA Approach		Standardised Approach		Total Capital Requirements		
	Securitisation \$M	Resecuritisation \$M	Securitisation \$M	Resecuritisation \$M	Securitisation \$M	Resecuritisation \$M	Securitisation \$M	Resecuritisation \$M	
≤ 25%	9	–	3	–	–	–	12	–	
> 25% ≤ 35%	–	–	–	–	–	–	–	–	
> 35% ≤ 50%	–	–	–	–	–	–	–	–	
> 50% ≤ 75%	–	–	–	–	–	–	–	–	
> 75% ≤ 100%	–	–	–	–	–	–	–	–	
> 100% ≤ 650%	–	–	–	–	–	–	–	–	
> 650% ≤ 1250%	–	–	–	–	–	–	–	–	
Total	9	–	3	–	–	–	12	–	

31 December 2020									
Risk Weight Band	ERBA Approach		SFA Approach		Standardised Approach		Total Capital Requirements		
	Securitisation \$M	Resecuritisation \$M	Securitisation \$M	Resecuritisation \$M	Securitisation \$M	Resecuritisation \$M	Securitisation \$M	Resecuritisation \$M	
≤ 25%	14	–	2	–	–	–	16	–	
> 25% ≤ 35%	–	–	2	–	–	–	2	–	
> 35% ≤ 50%	–	–	–	–	–	–	–	–	
> 50% ≤ 75%	–	–	–	–	–	–	–	–	
> 75% ≤ 100%	–	–	–	–	–	–	–	–	
> 100% ≤ 650%	–	–	–	–	–	–	–	–	
> 650% ≤ 1250%	–	–	–	–	–	–	–	–	
Total	14	–	4	–	–	–	18	–	

Credit Risk (continued)

6.7 Securitisation (continued)

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

The Group has no trading book exposures that are entirely deducted entirely from CET1 capital.

The Group did not have any trading book exposures that are credit enhancements deducted from Total Capital or any other exposures deducted from Total Capital.

Table 12v – Trading book exposures subject to early amortisation

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

Table 12w – Trading book resecuritisation exposures

The Group did not have any retained or repurchased trading book resecuritisation exposures.

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 gain or loss recognised on sale by exposure type in Table 12j (banking book) and Table 12q (trading book).

The total exposures securitised in the half year to 31 December 2021 was \$2,632 million (31 December 2020: \$455 million). The total exposures securitised in the full year to 30 June 2021 was \$3,332 million.

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

Securitisation Facility Type	As at 31 December 2021		
	On Balance Sheet	Off Balance Sheet	Total exposures
	\$M	\$M	\$M
Liquidity support facilities	–	242	242
Warehouse facilities	8,279	6,103	14,382
Derivative facilities	–	389	389
Holdings of securities	4,876	–	4,876
Other	–	15	15
Total securitisation exposures	13,155	6,749	19,904

Securitisation Facility Type	As at 30 June 2021		
	On Balance Sheet	Off Balance Sheet	Total exposures
	\$M	\$M	\$M
Liquidity support facilities	–	265	265
Warehouse facilities	6,725	4,758	11,483
Derivative facilities	–	486	486
Holdings of securities	5,039	–	5,039
Other	–	15	15
Total securitisation exposures	11,764	5,524	17,288

Securitisation Facility Type	As at 31 December 2020 ¹		
	On Balance Sheet	Off Balance Sheet	Total exposures
	\$M	\$M	\$M
Liquidity support facilities	–	293	293
Warehouse facilities	5,009	4,814	9,823
Derivative facilities	–	532	532
Holdings of securities	5,336	–	5,336
Other	–	10	10
Total securitisation exposures	10,345	5,649	15,994

¹ Comparative information was restated in June 2021 to conform to presentation in the current period.

Equity Risk

7 Equity Risk

Table 16b to 16f – Equity investment exposures¹

	31 December 2021	
	Balance	Fair
	Sheet value	value
	\$M	\$M
Equity Investments		
Value of listed (publicly traded) equities	4,114	4,964
Value of unlisted (privately held) equities	3,762	3,797
Total	7,876	8,761

	30 June 2021	
	Balance	Fair
	Sheet value	value
	\$M	\$M
Equity Investments		
Value of listed (publicly traded) equities	3,393	4,931
Value of unlisted (privately held) equities	3,364	3,775
Total	6,757	8,706

	31 December 2020	
	Balance	Fair
	Sheet value	value
	\$M	\$M
Equity Investments		
Value of listed (publicly traded) equities	1,853	2,814
Value of unlisted (privately held) equities	1,930	2,149
Total	3,783	4,963

	Half year ended		
	31 Dec 21	30 Jun 21	31 Dec 20
	\$M	\$M	\$M
Gains on Equity Investments			
Cumulative realised gains in reporting period	9	19	8
Total unrealised gains ²	236	2,349	269

1 Equity investment exposures include non-traded equity investments as well as investments in associates that are treated as capital deductions and are not risk weighted at Level 2.

2 At 30 June 2021, this includes the revaluation of an unlisted equity instrument measured at fair value on the Group's Balance Sheet. For more details refer to the 2021 Annual Report Note 9.5.

Market Risk

8

Market Risk

8.1 Traded Market Risk

Capital Calculation Methods

The breakdown of RWA for traded market risk by modelling method is summarised in the table below.

	31 Dec 21	30 Jun 21	31 Dec 20
	\$M	\$M	\$M
Traded Market Risk RWA by Modelling Approach ¹			
Internal Model Approach	9,988	7,528	10,376
Standard Method	815	779	785
Total Traded Market Risk RWA	10,803	8,307	11,161

¹ Refer to page 11 for commentary.

The capital requirement for traded market risk under the standard method is disclosed in Table 13b.

Table 13b – Traded Market Risk under the Standard Method

	31 Dec 21	30 Jun 21	31 Dec 20
	\$M	\$M	\$M
Exposure Type			
Interest rate risk	65.0	62.1	62.8
Equity risk	–	–	–
Foreign exchange risk	0.2	0.2	–
Commodity risk	–	–	–
Total	65.2	62.3	62.8
Risk Weighted Asset equivalent ¹	815	779	785

¹ Risk Weighted Assets equivalent is the capital requirements multiplied by 12.5 in accordance with APS 110.

Traded Market Risk Internal Model

The VaR and SVaR results calculated under the internal model approach are summarised in Table 14f (i).

Table 14f (i) – Value-at-Risk and Stressed Value-at-Risk for Trading Portfolios under the Internal Model Approach

	Aggregate VaR Over the Reporting Period			As at balance date
	Mean value	Maximum value	Minimum value	
	\$M	\$M	\$M	\$M
Average VaR ¹				
Over the 6 months to 31 December 2021	108	167	70	79
Over the 6 months to 30 June 2021	118	184	83	135
Over the 6 months to 31 December 2020	156	219	69	153

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

	Aggregate SVaR Over the Reporting Period			As at balance date
	Mean value	Maximum value	Minimum value	
	\$M	\$M	\$M	\$M
Stressed VaR ¹				
Over the 6 months to 31 December 2021	110	219	65	128
Over the 6 months to 30 June 2021	77	173	37	173
Over the 6 months to 31 December 2020	92	196	37	68

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

Internal Model Approach – Back-test results

The Internal model is subject to back-testing against hypothetical profit and loss. In the 6 months to 31 December 2021 there was one back-test outlier. The back-test results are summarised in Table 14f (ii) and details of these are provided in Table 14f (iii). A comparison of VaR with actual gains or losses during the 6 months to 31 December 2021 is illustrated in Table 14f (iv).

APS 330 Table 14f (ii) - Summary Table of the Number of Back-Testing Outliers ¹

Over the 6 months to 31 December 2021	1
Over the 6 months to 30 June 2021	–
Over the 6 months to 31 December 2020	–

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

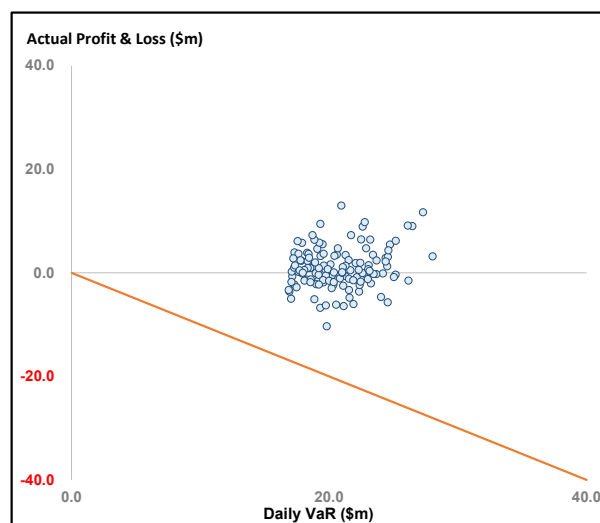
Market Risk (continued)

8.1 Traded Market Risk (continued)

Table 14f (iii): Details of Back-Testing Outliers

	Over the Reporting Period 1 July 2021 to 31 December 2021	
	Hypothetical loss \$M	VaR 99% \$M
19 October 2021	93	13

Table 14f (iv): Comparison of VaR estimates outliers with actual gains/losses experiences for the 6 months ended 31 December 2021



8.2 Non-Traded Market Risk

Table 17b – Interest Rate Risk in the Banking Book

Stress Testing: Interest Rate Shock Applied	Change in Economic Value		
	31 Dec 21 \$M	30 Jun 21 \$M	31 Dec 20 \$M
AUD			
200 basis point parallel increase	(637)	(724)	(1,388)
200 basis point parallel decrease	639	764	1,472
NZD			
200 basis point parallel increase	(372)	(413)	(394)
200 basis point parallel decrease	395	437	418
USD			
200 basis point parallel increase	(126)	(171)	(167)
200 basis point parallel decrease	81	76	(31)
Other			
200 basis point parallel increase	3	38	48
200 basis point parallel decrease	(4)	(38)	(48)
Regulatory RWA¹			
Interest rate risk in the banking book	24,356	14,619	15,561

¹ Refer to page 11 for commentary.

9 Operational Risk

Table 6e – Capital requirements for operational risk

	31 Dec 21 \$M	30 Jun 21 \$M	31 Dec 20 \$M
Total operational risk RWA ¹	46,081	46,204	49,994

¹ Refer to page 11 for commentary.

Liquidity Risk

10 Liquidity Risk

10.1 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 December 2021 quarter, excess liquid assets averaged \$50 billion and the average LCR increased from 132% 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 Committed Liquidity Facility 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. Average liquid assets increased over the quarter in line with the Group's management of NCOs.

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 strong growth in Retail and SME customer deposits and changes in the maturity profile of the Group's wholesale funding.

Table 20 - LCR Disclosure Template

	31 Dec 21	31 Dec 21	30 Sep 21	30 Sep 21
	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)		166,821		163,421
2 Alternative liquid assets (ALA)		29,929		27,290
3 Reserve Bank of New Zealand (RBNZ) securities		3,000		3,519
Cash outflows				
4 Retail deposits and deposits from small business customers, of which:	424,385	37,288	405,263	35,867
5 Stable deposits	235,250	11,763	225,799	11,290
6 Less stable deposits	189,135	25,525	179,464	24,577
7 Unsecured wholesale funding, of which:	197,598	86,170	191,209	84,710
8 Operational deposits (all counterparties) and deposits in networks for cooperative banks	96,548	23,712	89,050	21,853
9 Non-operational deposits (all counterparties)	88,239	49,647	90,618	51,316
10 Unsecured debt	12,811	12,811	11,541	11,541
11 Secured wholesale funding		3,702		1,895
12 Additional requirements, of which:	180,778	26,987	179,113	26,468
13 Outflows related to derivatives exposures and other collateral requirements	5,908	5,908	5,810	5,810
14 Outflows related to loss of funding on debt products	–	–	–	–
15 Credit and liquidity facilities	174,870	21,079	173,303	20,658
16 Other contractual funding obligations	3	–	6	–
17 Other contingent funding obligations	69,278	8,959	73,664	11,975
18 Total cash outflows		163,106		160,915
Cash inflows				
19 Secured lending	6,233	831	4,527	1,596
20 Inflows from fully performing exposures	10,605	7,033	10,626	6,876
21 Other cash inflows	5,597	5,597	5,304	5,304
22 Total cash inflows	22,435	13,461	20,457	13,776
23 Total liquid assets		199,750		194,230
24 Total net cash outflows		149,645		147,139
25 Liquidity Coverage Ratio (%)		134		132
Number of data points used (Business Days)		61		66

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

Liquidity Risk (continued)

10.2 Net Stable Funding Ratio

The NSFR requires Australian ADIs to have sufficient Available Stable Funding (ASF) to meet their Required Stable Funding (RSF) over a one year horizon. The Group calculates its NSFR position daily, ensuring a buffer is maintained over the regulatory requirement of 100% and the Board's risk appetite. The ASF and RSF are calculated by applying factors prescribed by APRA, to liabilities, assets and off Balance Sheet commitments.

The Group's main sources of ASF are deposits from retail and SME customers, wholesale funding and capital. The main contributors to RSF are residential mortgages and loans to business and corporate customers.

The NSFR was unchanged from 30 September 2021 to 31 December 2021. Over the period, the Group's ASF increased due to strong growth in Retail and SME deposits. RSF also increased due to strong growth in both mortgage and business lending.

Table 21 - NSFR Disclosure Template

As at 31 December 2021					
Unweighted value by residual maturity					
	No Maturity	0 - 6 months	7 - 12 months	> 12 months	Weighted value
	\$M	\$M	\$M	\$M	\$M
Available Stable Funding (ASF) Item					
1 Capital	74,542	–	–	29,491	104,034
2 Regulatory Capital	74,542	–	–	29,491	104,034
3 Other Capital Instruments	–	–	–	–	–
4 Retail deposits and deposits from small business customers	415,253	89,137	231	165	467,757
5 Stable deposits ¹	230,853	37,801	10	24	255,255
6 Less stable deposits ²	184,400	51,336	221	141	212,502
7 Wholesale funding	165,569	155,283	39,005	125,054	238,692
8 Operational deposits	99,883	–	–	–	49,941
9 Other wholesale funding	65,686	155,283	39,005	125,054	188,751
10 Liabilities with matching interdependent assets	–	–	–	–	–
11 Other liabilities	–	13,022	188	1,991	2,085
12 NSFR derivative liabilities	–	4,988	–	–	–
13 All other liabilities and equity not included in the above categories	–	8,034	188	1,991	2,085
14 Total ASF					812,568
Required Stable Funding (RSF) Item					
15 a) Total NSFR HQLA					4,247
15 b) ALA					8,114
15 c) RBNZ Securities					444
16 Deposits held at other financial institutions for operational purposes					–
17 Performing loans and securities	671	77,640	50,482	676,403	555,380
18 Performing loans to financial institutions secured by Level 1 HQLA	488	16,092	798	69	2,126
19 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	183	13,276	11,613	17,638	25,463
20 Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and public sector entities (PSEs)	–	35,730	28,183	142,137	152,679
21 of which: with a risk weight of less than or equal to 35% under APS 112	–	39	34	473	344
22 Performing residential mortgages	–	8,765	8,532	510,481	367,122
23 of which: with a risk weight equal to 35% under APS 112	–	7,669	7,454	427,846	295,637
24 Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	–	3,777	1,356	6,078	7,990
25 Assets with matching interdependent liabilities	–	–	–	–	–
26 Other assets:	9,065	19,307	971	25,917	40,229
27 Physical traded commodities, including gold	9,065	–	–	–	7,705
28 Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties (CCPs)	–	1,752	–	–	1,490
29 NSFR derivative assets	–	6,237	–	–	1,249
30 NSFR derivative liabilities before deduction of variation margin posted	–	8,411	–	–	1,682
31 All other assets not included in the above categories	–	2,907	971	25,917	28,103
32 Off Balance Sheet items	–	201,588	–	–	10,832
33 Total RSF					619,246
34 Net Stable Funding Ratio (%)					131

1 Stable deposits are the portion of deposits that are protected under the Financial Claims Scheme where depositors have an established relationship with the Bank or the deposits are in transactional accounts.

2 Less stable deposits are the portion of deposits that do not meet the requirements of stable deposits.

Liquidity Risk (continued)

10.2 Net Stable Funding Ratio (continued)

As at 30 September 2021						
Unweighted value by residual maturity						
	No Maturity	0 - 6 months	7 - 12 months	> 12 months	Weighted value	
	\$M	\$M	\$M	\$M	\$M	
Available Stable Funding (ASF) Item						
1	Capital	77,180	–	–	33,203	110,383
2	Regulatory Capital	77,180	–	–	33,203	110,383
3	Other Capital Instruments	–	–	–	–	–
4	Retail deposits and deposits from small business customers	400,112	90,552	35	165	454,972
5	Stable deposits ¹	224,799	38,755	13	22	250,410
6	Less stable deposits ²	175,313	51,797	22	143	204,562
7	Wholesale funding	165,867	144,590	32,883	120,102	232,744
8	Operational deposits	89,533	–	–	–	44,767
9	Other wholesale funding	76,334	144,590	32,883	120,102	187,977
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities	–	15,399	185	2,501	2,593
12	NSFR derivative liabilities	–	4,135	–	–	–
13	All other liabilities and equity not included in the above categories	–	11,264	185	2,501	2,593
14	Total ASF					800,692
Required Stable Funding (RSF) Item						
15 a)	Total NSFR HQLA					4,327
15 b)	ALA					8,107
15 c)	RBNZ Securities					442
16	Deposits held at other financial institutions for operational purposes	–	–	–	–	–
17	Performing loans and securities	601	66,543	44,207	666,517	545,431
18	Performing loans to financial institutions secured by Level 1 HQLA	406	5,064	643	69	938
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	195	11,730	10,535	19,432	26,488
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and public sector entities (PSEs)	–	37,304	24,191	140,216	149,833
21	of which: with a risk weight of less than or equal to 35% under APS 112	–	34	32	492	353
22	Performing residential mortgages	–	8,592	8,235	500,159	360,108
23	of which: with a risk weight equal to 35% under APS 112	–	7,490	7,186	415,760	287,124
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	–	3,853	603	6,641	8,064
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets:	9,712	23,277	840	24,753	41,022
27	Physical traded commodities, including gold	9,712	–	–	–	8,255
28	Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties (CCPs)	–	1,630	–	–	1,385
29	NSFR derivative assets	–	6,707	–	–	2,572
30	NSFR derivative liabilities before deduction of variation margin posted	–	8,591	–	–	1,718
31	All other assets not included in the above categories	–	6,349	840	24,753	27,092
32	Off Balance Sheet items	–	196,076	–	–	9,927
33	Total RSF					609,256
34	Net Stable Funding Ratio (%)					131

1 Stable deposits are the portion of deposits that are protected under the Financial Claims Scheme where depositors have an established relationship with the Bank or the deposits are in transactional accounts.

2 Less stable deposits are the portion of deposits that do not meet the requirements of stable deposits.

Appendices

11

Appendices

11.1 Detailed Capital Disclosures Template (APS 330 Attachment A)

The Group is applying the Basel III regulatory adjustments in full, as implemented by APRA. These tables should be read in conjunction with Appendix 11.3 Regulatory Balance Sheet and Appendix 11.4 Reconciliation between Detailed Capital Disclosures Template and Regulatory Balance Sheet.

	31 Dec 21 Basel III APRA	31 Dec 21 Basel III Internationally Comparable
	%	%
Summary Group Capital Adequacy Ratios (Level 2)		
CET1	11.8	18.4
Tier 1	14.0	21.4
Total Capital	18.0	26.6

	31 Dec 21 Basel III \$M	Reconciliation Table Reference
Common Equity Tier 1 Capital: instruments and reserves		
1	36,949	Table A
2	34,736	
3	2,848	
4	-	
5	-	Table B
6	74,533	
Common Equity Tier 1 Capital: regulatory adjustments		
7	(10)	
8	(5,330)	Table C
9	(1,722)	Table C
10	-	Table D
11	41	
12	(14)	
13	-	
14	(15)	
15	(325)	
16	-	
17	-	
18	-	Table G
19	-	Table G
20	-	
21	-	Table D
22	-	
23	-	Table G
24	-	
25	-	Table D
CET1 (Internationally Comparable)	67,158	

1 Represents the shortfall between the calculated EL and Eligible Provisions (EP) with respect to credit portfolios which are subject to the AIRB approach. The adjustment is assessed separately for both defaulted and non-defaulted exposures. Where there is an excess of EL over EP in either assessments, the difference must be deducted from CET1. For non-defaulted exposures where the EL is lower than the EP, this may be included in Tier 2 capital up to a maximum of 0.6% of total credit RWAs.

2 In accordance with APRA regulations, the surplus in the Group's defined benefit superannuation fund, net of any deferred tax liability, is deducted from CET1.

Appendices (continued)

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

	31 Dec 21 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	9	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	-	
26d	of which: equity investments in financial institutions not reported in rows 18, 19 and 23	(7,656)	Table G
26e	of which: deferred tax assets not reported in rows 10, 21 and 25	(2,353)	Table D
26f	of which: capitalised expenses	(984)	
26g	of which: investments in commercial (non-financial) entities that are deducted under APRA prudential requirements	(578)	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	(132)	
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 Common Equity Tier 1 ¹	(19,069)	
29	Common Equity Tier 1 Capital (APRA)	55,464	
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	10,425	Table E
33	Directly issued capital instruments subject to phase out from Additional Tier 1 ²	138	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	-	
36	Additional Tier 1 Capital before regulatory adjustments	10,563	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)	10,563	
45	Tier 1 Capital (T1=CET1+AT1)	66,027	
Tier 2 Capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments	17,127	Table F
47	Directly issued capital instruments subject to phase out from Tier 2 ²	264	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	1,574	
51	Tier 2 Capital before regulatory adjustments	18,965	

1 Total regulatory adjustments to CET1 of \$19,069 million in Row 28 is net of APRA's allowance for treasury shares held by the Group's eligible employee share scheme trusts of \$9 million as detailed in Row 26a.

2 Represents APRA Basel III non-compliant Additional Tier 1 and Tier 2 capital instruments that are eligible for inclusion in regulatory capital up until 1 January 2022 as part of the Basel III transitional relief arrangements.

Appendices (continued)

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

	31 Dec 21 Basel III \$M	Reconciliation Table Reference	
Tier 2 Capital: regulatory adjustments			
52	Investments in own Tier 2 instruments	(30)	
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)	(7)	
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	–	
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	(37)	
58	Tier 2 Capital (T2)	18,928	
59	Total Capital (TC=T1+T2)	84,955	
60	Total risk weighted assets based on APRA standards	471,927	
Capital ratios and buffers			
61	CET1 (as a percentage of risk weighted assets)	11.8%	
62	Tier 1 (as a percentage of risk weighted assets)	14.0%	
63	Total Capital (as a percentage of risk weighted assets)	18.0%	
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)	8.0%	
65	of which: capital conservation buffer requirement	3.5%	
66	of which: ADI-specific countercyclical buffer requirements	–	Table H
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)	11.8%	
National minima			
69	National Common Equity Tier 1 minimum ratio	–	
70	National Tier 1 minimum ratio	–	
71	National Total Capital minimum ratio	–	
Amount below thresholds for deductions (not risk weighted)			
72	Non-significant investments in the capital of other financial entities	2,585	Table G
73	Significant investments in the ordinary shares of financial entities	5,071	Table G
74	Mortgage servicing rights (net of related tax liability)	–	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	2,353	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)	185	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	198	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	1,389	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	2,249	
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	525	
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	322	
85	Amount excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)	–	Table F

Appendices (continued)

11.2 Detailed Leverage Disclosures Template (APS 330 Attachment E)

Table 19 – Summary comparison of accounting assets vs leverage ratio exposure measure

		31 Dec 21 Basel III APRA \$M
1	Total consolidated assets as per published financial statements	1,149,813
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(5,346)
3	Adjustment for assets held on the Balance Sheet in a fiduciary capacity pursuant to the Australian Accounting Standards but excluded from the leverage ratio exposure measure	–
4	Adjustments for derivative financial instruments	8,083
5	Adjustment for SFTs (i.e. repos and similar secured lending)	115
6	Adjustment for off Balance Sheet exposures (i.e. conversion to credit equivalent amounts of off Balance Sheet exposures)	106,607
7	Other adjustments	(18,923)
8	Leverage ratio exposure	1,240,349

Table 18 – Leverage ratio disclosure template

		31 Dec 21 Basel III APRA \$M
On Balance Sheet exposures		
1	On Balance Sheet items (excluding derivatives and securities financing transactions (SFTs), but including collateral)	1,095,323
2	Asset amounts deducted in determining Tier 1 capital	(18,923)
3	Total On Balance Sheet exposures (excluding derivatives and SFTs)	1,076,400
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	8,653
5	Add-on amounts for potential future credit exposure (PFCE) associated with all derivatives transactions	18,749
6	Gross-up for derivatives collateral provided where deducted from the Balance Sheet assets pursuant to the Australian Accounting Standards	–
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	–
8	(Exempted central counterparty (CCP) leg of client-cleared trade exposures)	–
9	Adjusted effective notional amount of written credit derivatives	642
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(57)
11	Total derivative exposures	27,987
SFT exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	29,240
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	–
14	CCR exposure for SFT assets	115
15	Agent transaction exposures	–
16	Total SFT exposures	29,355
Other Off Balance Sheet exposures		
17	Off Balance Sheet exposure at gross notional amount	208,701
18	(Adjustments for conversion to credit equivalent amounts)	(102,094)
19	Other Off Balance Sheet exposures	106,607
Capital and total exposures		
20	Tier 1 Capital	66,027
21	Total exposures	1,240,349
Leverage ratio		
22	Leverage ratio (%)	5.3

Appendices (continued)

11.3 Regulatory Balance Sheet

The following table provides details on the Group's Balance Sheet and the Level 2 Regulatory Balance Sheet as at 31 December 2021.

	Group Balance Sheet \$M	Adjustment ¹ \$M	Level 2 Regulatory Balance Sheet \$M	Template/ Reconciliation Table Reference
Assets				
Cash and liquid assets	134,355	(110)	134,245	
Receivables due from other financial institutions	5,072	–	5,072	
Assets at fair value through Income Statement	32,269	–	32,269	Table G
Derivative assets	19,904	–	19,904	
Investment securities:				Table G
At amortised cost	3,930	–	3,930	
At fair value through Other Comprehensive Income	85,406	–	85,406	
Assets held for sale	1,051	(1,051)	–	
Loans, bills discounted and other receivables	843,950	(4,553)	839,397	
Investment in regulatory non-consolidated subsidiaries	–	217	217	Table G
Property, plant and equipment	4,999	–	4,999	
Investment in associates and joint ventures	5,151	–	5,151	Table G
Intangible assets	7,073	35	7,108	Table C
Deferred tax assets	2,186	–	2,186	Table D
Other assets	4,467	116	4,583	
Total assets	1,149,813	(5,346)	1,144,467	
Liabilities				
Deposits and other public borrowings	815,124	264	815,388	
Payables due to other financial institutions	21,487	–	21,487	
Liabilities at fair value through Income Statement	7,444	–	7,444	
Derivative liabilities	18,892	–	18,892	
Current tax liabilities	112	(1)	111	
Deferred tax liabilities	264	–	264	Table D
Liabilities held for sale	952	(952)	–	
Provisions	3,776	19	3,795	
Term funding from central banks	52,828	–	52,828	
Debt issues	117,466	(4,656)	112,810	
Bills payable and other liabilities	8,647	106	8,753	
Loan capital	28,158	–	28,158	Table E
Total liabilities	1,075,150	(5,220)	1,069,930	
Net assets	74,663	(126)	74,537	
Shareholders' Equity				
Ordinary Share capital	36,949	–	36,949	Row 1, Table A
Reserves	2,848	–	2,848	Row 3
Retained profits	34,861	(125)	34,736	Row 2
Shareholders' Equity attributable to Equity holders of the Bank	74,658	(125)	74,533	
Non-controlling interests	5	(1)	4	Table B
Total Shareholders' Equity	74,663	(126)	74,537	

¹ Reflects the deconsolidation of the insurance 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.

Appendices (continued)

11.4 Reconciliation between Detailed Capital Disclosures Template and Regulatory Balance Sheet

The following tables provide additional information on the differences between the Detailed Capital Disclosures Template (Appendix 11.1) and the Regulatory Balance Sheet (Appendix 11.3).

Table A	31 Dec 21 \$M	Template Reference
Share Capital		
Ordinary Share Capital	36,949	
Total per Balance Sheet (Ordinary Share Capital Internationally Comparable) ¹	36,949	Row 1
Treasury Shares held by the Group's employee share scheme trusts (APRA specific adjustment)	9	Row 26a
Total Ordinary Share Capital and Treasury Shares (APRA)	36,958	

Table B	31 Dec 21 \$M	Template Reference
Non-Controlling Interests		
Total per Balance Sheet ¹	4	
Less other non controlling interests not included in capital	(4)	
Total per Capital Template (APRA and Internationally Comparable)	–	Row 5

Table C	31 Dec 21 \$M	Template Reference
Goodwill and Other Intangibles		
Total per Balance Sheet ¹	7,108	
Less capitalised software and other intangibles separately disclosed in template	(1,778)	
Total per Capital Template - Goodwill (APRA and Internationally Comparable)	5,330	Row 8
Other intangibles (including capitalised software) per Balance Sheet	1,778	
Less deferred tax liability associated with other intangibles	(56)	
Total per Capital Template - Other Intangibles (APRA and Internationally Comparable)	1,722	Row 9

Table D	31 Dec 21 \$M	Template Reference
Deferred Tax Assets		
Deferred tax assets per Balance Sheet ¹	2,186	
Less deferred tax liabilities per Balance Sheet ¹	(264)	
Net Deferred Tax Assets ²	1,922	
Adjustments required in accordance with APRA prudential standards ³	431	
Deferred tax asset adjustment before applying prescribed thresholds (APRA specific adjustment)	2,353	Row 26e
Less amounts below prescribed threshold - risk weighted ⁴	(2,353)	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 assets net of deferred tax liabilities per Level 2 Regulatory Balance Sheet.

3 Represents the deferred tax balances associated with reserves ineligible for inclusion in regulatory capital, the general reserve for credit losses, intangibles, 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 CET1.

Appendices (continued)

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

Table E	31 Dec 21	Template
	\$M	Reference
Additional Tier 1 Capital		
Total Loan Capital per Balance Sheet ¹	28,158	
Less fair value hedge adjustments ²	(275)	
Total Loan Capital net of issue costs at their contractual values	27,883	
Less amount related to Tier 2 Capital Instruments	(17,356)	
Total Tier 1 Loan Capital	10,527	
Add issue costs ³	36	
Less Basel III transitional relief amortisation for directly issued instruments ⁴	-	Row 83
Less Basel III transitional relief amortisation for instruments issued by subsidiaries ⁴	-	Row 83
Total per Capital Template (APRA)	10,563	Row 36
Additional Tier 1 Capital Instruments comprises		
Basel III Complying Instruments		
PERLS VII	3,000	
PERLS IX	1,640	
PERLS X	1,365	
PERLS XI	1,590	
PERLS XII	1,650	
PERLS XIII	1,180	
	10,425	Row 32
Basel III Non-Complying Instruments		
Other Instruments	138	
Less Basel III transitional relief amortisation for directly issued instruments ⁴	-	Row 83
	138	Row 33
Total Basel III Non Complying Instruments	138	
Total Additional Tier 1 Capital Instruments (APRA)	10,563	Row 36

Table F	31 Dec 21	Template
	\$M	Reference
Tier 2 Capital Instruments		
Total included in Balance Sheet	17,356	
Less amount of Tier 2 debt issued by subsidiary ineligible for inclusion in the Group's Capital ⁵	-	
Add issue costs ³	35	
Less amortisation of instruments ⁶	-	
Less Basel III transitional relief amortisation for directly issued instruments ⁴	-	Row 85
Total per Capital Template (APRA and Internationally Comparable)	17,391	Row 46, 47

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 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 Detailed Capital Disclosures Template.

4 Basel III transitional arrangements apply to directly issued capital instruments and instruments issued by subsidiaries not compliant with the new Basel III requirements which are eligible for inclusion in regulatory capital up until 1 January 2022.

5 Represents notes issued by the Group through ASB, its New Zealand subsidiary. 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.

6 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.

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 Commbank.com.au/regulatorydisclosures

Appendices (continued)

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

Table G	31 Dec 21	Template
	\$M	Reference
Equity Investments		
Investment in commercial entities	578	Row 26g
Investments in significant financial entities	4,854	Row 26d, 73
Investments in non-significant financial entities	2,585	Row 26d, 72
	8,017	
Equity investment in non-consolidated subsidiaries	217	Row 26d, 73
Total equity investments before applying prescribed thresholds APRA specific adjustment ¹	8,234	
Less amounts risk weighted under Internationally Comparable ²	(8,234)	
Total per Capital Template (Internationally Comparable)	–	Row 18, 19, 23

1 Equity investments are classified in the Level 2 Regulatory Balance Sheet across assets at fair value through income statement, investment securities, investment in regulatory non-consolidated subsidiaries and investment in associates and joint ventures. In addition, the Group has loans and 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 \$4,854 million, investments in non-significant financial entities of \$2,585 million and equity investment in non-consolidated subsidiaries of \$217 million is a total of \$7,656 million and is included in Row 26d in the Detailed Capital Disclosures 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. The remaining balance of \$578 million related to investments in commercial entities are risk weighted under Internationally Comparable methodology, with no prescribed threshold limits.

Countercyclical Capital Buffer

The Countercyclical Capital Buffer (CCyB), which is effective for Australian ADIs from 1 January 2016, represents an extension to the capital conservation buffer and may require an ADI to hold additional CET1 of up to 2.5%. The CCyB is calculated as the sum of the specific buffer set by APRA with respect to Australian private sector exposures and the weighted average for offshore private sector exposures where the CCyB has been enacted.

Table H	RWA ¹	Jurisdictional Buffer	ADI Specific Buffer ²	Template
	\$M	%	%	Reference
Country ³				
Hong Kong	371	1.000	0.000970	
Norway	290	1.000	0.000760	
Luxembourg	336	0.500	0.000440	
Others	381,186	–	–	
Total	382,183		0.002170	Row 66

1 Represents total private sector (excludes Banks and Sovereigns) credit and specific market risk RWA.

2 Calculated as each country share of total private sector credit and specific market RWA multiplied by the CCyB applicable in each country.

3 Represents country of ultimate risk as at 31 December 2021.

Appendices (continued)

11.5 Entities excluded from Level 2 Regulatory Consolidated Group

The legal entities included within the accounting scope of consolidation, but excluded from the Level 2 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 2017-1	874	875
Medallion Trust Series 2017-2	1,088	1,091
Medallion Trust Series 2018-1	1,515	1,518
Medallion Trust Series 2018-1P	352	353
Medallion Trust Series 2019-1	837	838

Entity name	Total Assets \$M	Total Liabilities \$M
(b) Insurance and Funds Management		
CBA Captive Insurance Pte Ltd	131	28
Commonwealth Insurance Limited	1,213	973

Appendices (continued)

11.6 List of APRA APS 330 Tables

The following schedule lists the quantitative tables in this document as referenced in APS 330 paragraphs 12, 49 and Attachments A to H.

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¹ Details can be found at Commbank.com.au/regulatorydisclosures

Appendices (continued)

11.6 List of APRA APS 330 Tables (continued)

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¹ Details can be found at Commbank.com.au/regulatorydisclosures

Appendices (continued)

11.7 List of Supplemental Tables and Diagrams

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Appendices (continued)

11.8 Glossary

Term	Definition
Additional Tier 1 Capital (AT1)	Additional Tier 1 Capital is 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 more 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.
Alternate Liquid Asset (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 <i>Banking Act 1959</i> 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 <i>Financial Instruments</i>).
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. The amount of the CLF for each ADI is set by APRA annually.

Appendices (continued)

11.8 Glossary (continued)

Term	Definition
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.
Corporate	Basel asset class - includes commercial credit risk where annual revenues are \$50 million or more.
Countercyclical Capital Buffer (CCyB)	An extension of the capital conservation buffer that can be imposed by the national authority to protect the banking sector from periods of excess credit growth that have often been associated with the build-up of system-wide risk.
Counterparty Credit Risk (CCR)	The risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows.
Credit Equivalent Amount	The credit equivalent amount is a measure, prescribed by the regulator, to quantify credit risk for off Balance Sheet instruments, such as interest rate derivatives. The credit equivalent amount of a market related off Balance Sheet transaction calculated using the current exposure method is the sum of current credit exposure and potential future credit exposure of these contracts.
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 <i>Associations with Related Entities</i> .
External Credit Assessment Institution (ECAI)	For example: Moody's Investor Services, S&P Global Ratings or Fitch Ratings.
General Reserve for Credit Losses (GRCL)	APS 220 <i>Credit Quality</i> 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 GRCL. An excess of required GRCL over the Group's collective provisions is recognised as a deduction from CET1.
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 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 9 <i>Financial Instruments</i>). Also known as individually assessed provisions or IAP.
Interest Rate Risk in the Banking Book (IRRBB)	Interest Rate Risk in the Banking Book (IRRBB) 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 Bank's Basel III Pillar 3 report.
Level 1	The Parent Bank (Commonwealth Bank of Australia) and offshore branches (the Bank) and APRA approved Extended Licenced Entities.

Appendices (continued)

11.8 Glossary (continued)

Term	Definition
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 the 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 LCR 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. LGD represents the fraction of EAD that is not expected to be recovered following default.
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.
Net Stable Funding Ratio (NSFR)	The NSFR more closely aligns the behaviour term of assets and liabilities. It is the ratio of the amount of available stable funding (ASF) to the amount of required stable funding (RSF). ASF is the portion of an ADI's capital and liabilities expected to be a reliable source of funds over a one year time horizon. RSF is a function of the liquidity characteristics and residual maturities of an ADI's assets and off Balance Sheet activities.
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 likelihood that a debtor fails to meet an obligation or contractual commitment.
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 IRB 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.

Appendices (continued)

11.8 Glossary (continued)

Term	Definition
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 Reserve Bank of Australia), 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.
Specific Provisions	APS 220 <i>Credit Quality</i> 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).
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 (SVaR) 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.
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 <i>Capital Adequacy</i> (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 (VaR) is a measure of potential loss using historically observed market volatility and correlation between different markets.