May 15, 2017

Commonwealth Bank of Australia

Recent Developments

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

This "Recent Developments" release contains certain forward-looking statements which involve known and unknown risks and uncertainties. Such forward-looking statements, including economic forecasts and assumptions and business and financial projections, involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. See "Special Note Regarding Forward-Looking Statements" in the Group's U.S. Half-Year Disclosure Document for the half year ended December 31, 2016 (the "2017 Half-Year Disclosure Report") included on the U.S. Investor Website.

References to "$" are to Australian Dollars.

Summary

On May 9, 2017, the Group advised that its unaudited cash earnings[1] and unaudited statutory net profit for the three months ended March 31, 2017 (the "quarter") were approximately $2.4 billion and $2.6 billion, respectively. This result was supported by income growth, continued cost discipline and sound credit quality.

During the quarter, the Group maintained its funding and liquidity positions, with deposits comprising 67% of the Group's funding as at March 31, 2017 and the Group's Liquidity Coverage Ratio ("LCR") at 124% as at March 31, 2017. The Group's Common Equity Tier 1 ("CET1") capital ratio was 9.6% calculated using the methodology accepted by the Australian Prudential Regulatory Authority ("APRA"), the Group's primary regulator, as at March 31, 2017, an increase of 37 basis points since December 31, 2016 after allowing for the impact of the 2017 interim dividend. The Group's CET1 capital ratio calculated on an internationally comparable basis[2] was 15.2% as at March 31, 2017.

Key outcomes for the quarter are further summarized below:

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1 Except as expressly noted, this update is based on the Group's cash earnings, which are prepared on a different basis than Australian equivalents to International Financial Reporting Standards ("IFRS"). Cash earnings is used by management of the Group to present a view of the Group's underlying operating results, excluding certain items that management believes introduce volatility and/or one-off distortions of the Group's current period performance. These items, such as hedging and IFRS volatility, are calculated consistently period on period and do not discriminate between positive and negative adjustments. A reconciliation of the Group's net profit after tax from "statutory basis" to "cash basis" is set out on page 11 and Appendix 12 of the Group's 2017 Half-Year Disclosure Report.

2 Analysis aligns with the APRA study entitled "International capital comparison study" (13 July 2015).

Business Performance[3]

- The Group experienced net interest income growth during the quarter compared to the quarter ended March 31, 2016. This result was supported by volume growth in key markets, which offset margin pressures experienced during the quarter.
- In home lending, growth during the quarter continued to be underpinned by strong proprietary channel performance.
- Business lending growth remained subdued during the quarter, with the strongest growth in Business and Private Banking.
- In Wealth Management, Average Assets Under Management and Funds Under Administration rose during the quarter, reflecting stronger investment markets, partly offset by exchange rate movements.
- In ASB, volume growth remained strong, with lending and deposit growth increasing during the 12 months ended March 31, 2017.
- Group Net Interest Margin was slightly lower during the quarter compared to the six months ended December 31, 2016 due to higher average liquid asset balances and competition effects.
- Other Banking Income was stable during the quarter, with higher commissions and lending fees partly offset by lower trading income.

Credit Quality[4]

- Management believes the credit quality of the Group's lending portfolios remained sound during the quarter.
- Loan Impairment Expense ("LIE") of $202 million for the quarter equated to 11 basis points of Gross Loans and Acceptances, compared to 17 basis points for the six months ended December 31, 2016.
- Corporate LIE was substantially lower in the quarter. The Group's Troublesome and Impaired Assets were slightly lower at $6.7 billion as at March 31, 2017, with broadly stable outcomes across most sectors.
- Consumer arrears increased during the quarter in line with seasonal expectations and continued to be elevated in Western Australia. In the home lending portfolio, investment lending reduced as a proportion of total new lending during the quarter compared to the six months ended December 31, 2016 and the Group closely managed new interest only lending, consistent with regulatory guidance.
- The Group continued to maintain what it believes to be prudent levels of provisioning during the quarter, with Total Provisions at $3.7 billion as at March 31, 2017 and no change to overlays for economic conditions.

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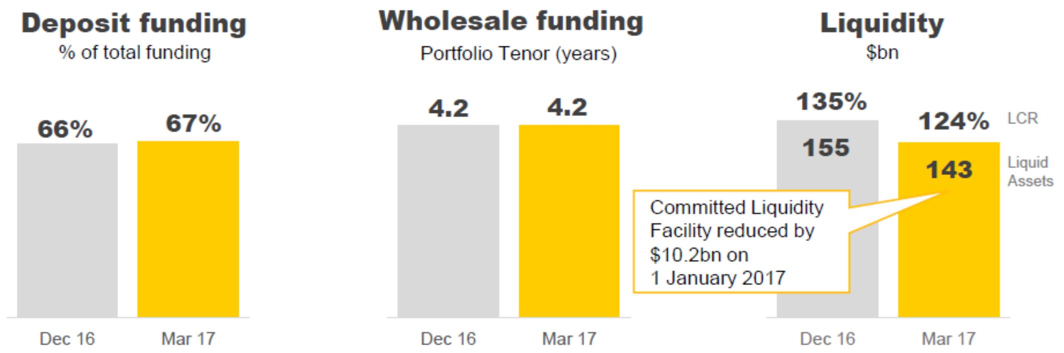
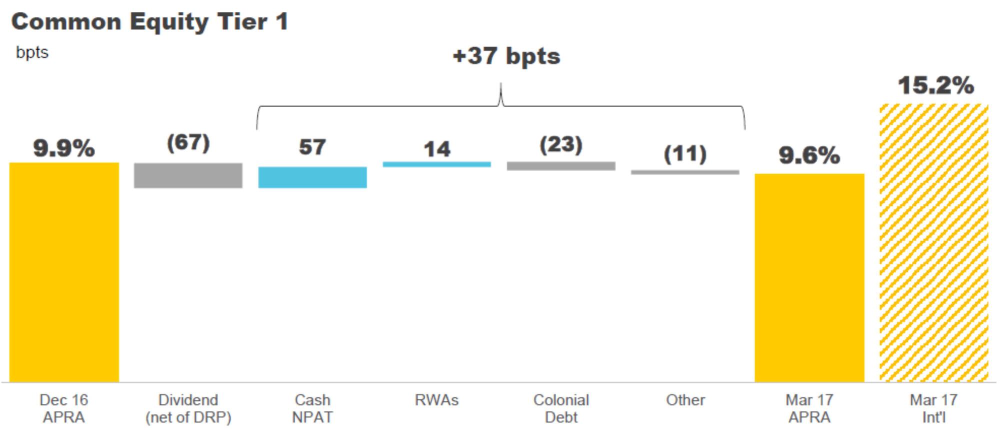
[3] Unless otherwise indicated any indications of increases or decreases in growth during the quarter are relative to the quarter ended March 31, 2016.

[4] Unless otherwise indicated any indications of increases or decreases in growth during the quarter are relative to the quarter ended March 31, 2016.

Funding and liquidity



Capital



- Funding and liquidity positions remained strong during the quarter, with customer deposits comprising 67% of the Group's funding as at March 31, 2017 and the average tenor of the wholesale funding portfolio at 4.2 years as at March 31, 2017.
- As at March 31, 2017, liquid assets totaled $143 billion and the Group's LCR was 124%. The Group issued $14.6 billion of long term funding in the quarter, and issued $37 billion of long term funding in the 9 months ended March 31, 2017.
- The Group's CET1 capital ratio calculated using APRA's methodology was 9.6% as at March 31, 2017. After allowing for the impact of the 2017 interim dividend, which included the issuance of shares in respect of the Dividend Reinvestment Plan, the CET1 capital ratio calculated using APRA's methodology increased by 37 basis points during the quarter. This was primarily driven by capital generated from earnings and lower risk weighted assets, and was partially offset by the maturity of a further $1 billion of Colonial Holding Company Limited's debt[5]. The Group's CET1 capital ratio calculated on an internationally comparable basis[6] was 15.2% as at March 31, 2017.

[5] The final tranches of Colonial Holding Company Limited's debt are due to mature in the year ending June 30, 2018 ($665m, which accounts for approximately 15 basis points of the Group's CET1 capital ratio calculated using APRA's methodology).

[6] Analysis aligns with the APRA study entitled "International capital comparison study" (13 July 2015).

- As at March 31, 2017, the Group's Leverage Ratio was 4.9% calculated using APRA's methodology (unchanged from December 31, 2016) and 5.6% on an internationally comparable basis[7].

Levy on Australian Banks included in Australian Government's Proposed 2017-18 Budget

On May 9, 2017, the Australian government released its budget for the year ending June 30, 2018. This budget included a levy for authorized deposit-taking institutions ("ADIs") with licensed entity liabilities of at least $100 billion. The levy is expected to impact Australia's five largest banks, including the Group, in the cause of "budget repair". The Australian government has indicated that the levy will be calculated quarterly as 0.015% of an ADI's licensed entity liabilities (for an annualized rate of 0.06%). Liabilities subject to the levy will include corporate bonds, commercial paper, certificates of deposit and Tier 2 capital instruments. The levy will not apply to additional Tier 1 capital and deposits of individuals, businesses and other entities protected by the Financial Claims Scheme, the Australian government scheme that protects depositors of ADIs from potential loss due to the failure of these institutions. The Group is aware of this levy and looks forward to receiving further guidance from the Australian government as to how it will apply in practice. At this time, without further guidance, it is difficult to definitively estimate the financial impact of the levy on the Group. However, the levy could have an adverse impact on the Group's business operations, financial condition and credit ratings.

Appointment of Group Executive International Financial Services

On May 11, 2017, the Group announced the appointment of Coen Jonker as Group Executive, International Financial Services. Mr. Jonker will succeed Rob Jesudason on July 1, 2017 when Mr. Jesudason commences his new role as Group Chief Financial Officer.

Mr. Jonker is currently a member of the International Financial Services leadership team, with responsibility for digital transformation. He has more than 23 years' experience in legal, financial and professional services. He was previously the co-founder and CEO of the TYME technology company which the Group acquired in 2015. He has held multiple Board positions, including at eBank Namibia, TYME, Edward Nathan and, more recently,Vietnam International Bank (VIB).

Basel III Pillar 3 Capital Adequacy and Risks Disclosures – Quarterly Update as at March 31, 2017

On May 9, 2017, the Group released its Basel III Pillar 3 Capital Adequacy and Risks Disclosures as at March 31, 2017. That release is attached as Annex A hereto.

[7] 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.

Annex A

CommonwealthBank

Basel III Pillar 3

Capital Adequacy and Risks Disclosures as at 31 March 2017

COMMONWEALTH BANK OF AUSTRALIA | ACN 123 123 124 | 9 MAY 2017

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1. Introduction

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

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

This document also presents information on the Group's leverage ratio in accordance with prescribed methodology.

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 insurance and funds management businesses and 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 Advanced Measurement Approach (AMA) for operational risk. The Group is also required to assess its traded market risk and IRRBB requirement under Pillar 1 of the Basel capital framework.

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

The Group's capital adequacy and risk disclosures for the year ended 30 June 2016 are available on the Group's corporate website:

www.commbank.com.au/about-us/investors/shareholders.

Group Capital Ratios

The Group's Basel III Common Equity Tier 1 (CET1) APRA ratio was 9.6% at 31 March 2017, compared to 9.9% at 31 December 2016.

After allowing for the impact of the 2017 interim dividend (which included the issuance of shares in respect of the Dividend Reinvestment Plan (DRP)), the CET1 (APRA) ratio increased 37 basis points in the quarter. This was primarily driven by capital generated from earnings, and lower risk weighted assets, partially offset by the maturity of a further $1 billion of Colonial debt.

The Group's Basel III internationally comparable CET1 ratio as at 31 March 2017 was 15.2%, compared to 15.4% at 31 December 2016. The internationally comparable basis aligns with the APRA study entitled "International capital comparison study" (13 July 2015).

Capital Initiatives

The following significant capital initiatives were undertaken during the quarter:

Common Equity Tier 1 Capital

- The DRP in respect of the 2017 interim dividend was satisfied by the allocation of approximately $558 million of ordinary shares, representing a participation rate of 16.3%.

Additional Tier 1 Capital

- In March 2017, the Bank issued $1.64 billion of CommBank PERLS IX Capital Notes (PERLS IX), a Basel III compliant Additional Tier 1 security.

Tier 2 Capital

The Bank issued the following subordinated notes that are Basel III compliant Tier 2 capital:

- March 2017 JPY13.3 billion; and
- March 2017 HKD608 million.

Leverage Ratio

The Group's Leverage Ratio, which is defined as Tier 1 Capital as a percentage of exposures, was 4.9% at 31 March 2017 (31 December 2016: 4.9%) on an APRA basis and 5.6% (31 December 2016: 5.5%) on an internationally comparable basis.

Summary Group Capital Adequacy Ratios (Level 2)	31 Mar 17 %	31 Dec 16 %
Common Equity Tier 1	**9. 6**	9. 9
Tier 1	**11. 6**	11. 5
Tier 2	**2. 2**	2. 2
Total Capital (APRA)	**13. 8**	13. 7
Common Equity Tier 1 (Internationally Comparable) (1)	**15. 2**	15. 4

(1) Analysis aligns with the APRA study entitled "International capital comparison study" (13 July 2015).

2. Risk Weighted Assets

Risk weighted assets 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.

APS 330 Table 3a to 3e – Basel III capital requirements (RWA)

	Risk Weighted Assets		Change in RWA for March 2017 quarter	
	31 Mar 17	31 Dec 16		
Asset Category	$M	$M	$M	%
Credit Risk				
Subject to AIRB approach [1]				
Corporate	**74,107**	79,392	(5,285)	(6. 7)
SME corporate	**34,617**	35,239	(622)	(1. 8)
SME retail	**4,741**	4,747	(6)	(0. 1)
SME retail secured by residential mortgage	**2,801**	2,812	(11)	(0. 4)
Sovereign	**6,788**	6,742	46	0. 7
Bank	**12,708**	13,481	(773)	(5. 7)
Residential mortgage	**118,001**	115,647	2,354	2. 0
Qualifying revolving retail	**9,530**	9,413	117	1. 2
Other retail	**14,979**	14,970	9	0. 1
Total RWA subject to AIRB approach	**278,272**	282,443	(4,171)	(1. 5)
Specialised lending	**59,167**	60,504	(1,337)	(2. 2)
Subject to standardised approach				
Corporate	**1,150**	1,128	22	2. 0
SME corporate	**414**	596	(182)	(30. 5)
SME retail	**5,970**	6,089	(119)	(2. 0)
Sovereign	**262**	242	20	8. 3
Bank	**176**	192	(16)	(8. 3)
Residential mortgage	**4,909**	4,788	121	2. 5
Other retail	**2,835**	2,776	59	2. 1
Other assets	**5,313**	5,385	(72)	(1. 3)
Total RWA subject to standardised approach	**21,029**	21,196	(167)	(0. 8)
Securitisation	**1,542**	1,572	(30)	(1. 9)
Credit valuation adjustment	**5,793**	6,332	(539)	(8. 5)
Central counterparties	**1,427**	1,479	(52)	(3. 5)
Total RWA for credit risk exposures	**367,230**	373,526	(6,296)	(1. 7)
Traded market risk	**4,457**	5,707	(1,250)	(21. 9)
Interest rate risk in the banking book	**24,680**	23,498	1,182	5. 0
Operational risk	**33,750**	33,750	-	-
Total risk weighted assets	**430,117**	436,481	(6,364)	(1. 5)

(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

Total RWA decreased by $6.4 billion or 1.5% on the prior quarter to $430.1 billion.

Credit Risk Exposure and RWA

Credit risk RWA decreased $6.3 billion or 1.7% on the prior quarter to $367.2 billion, mainly due to:

- Foreign currency movements;
- Improved credit quality across corporate and SME corporate portfolios; and
- Reduction of exposure across corporate, specialised lending and bank portfolios.

These decreases were partly offset by an increase in RWA for residential mortgages, which were largely due to changes in prudential requirements for New Zealand residential mortgages.

Traded Market Risk RWA

Traded market risk RWA decreased by $1.3 billion or 21.9%. This was mainly driven by reduced risk exposures measured under the Internal Model Approach.

Interest Rate Risk in the Banking Book (IRRBB) RWA

IRRBB RWA increased by $1.2 billion or 5.0%. This is the result of interest rate risk management activity which was partially offset by interest rate decreases.

Operational Risk RWA

Operational Risk RWA have remained unchanged from the prior quarter representing the regulatory minimum threshold.

3. Credit Risk

3.1 Credit Risk Exposures

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

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

	31 March 2017						
		Off balance sheet					
Portfolio Type	On balance sheet $M	Non-market related $M	Market related $M	Total $M	Average exposure for March 2017 quarter [(1)] $M	Change in exposure for March 2017 quarter [(2)] $M	%
Subject to AIRB approach							
Corporate	71,710	46,053	7,976	**125,739**	128,819	(6,159)	(4. 7)
SME corporate	44,110	10,358	725	**55,193**	54,926	534	1. 0
SME retail	6,961	3,207	-	**10,168**	10,165	5	0. 0
SME retail secured by residential mortgage	4,518	1,439	-	**5,957**	5,982	(51)	(0. 8)
Sovereign	88,657	1,188	2,181	**92,026**	89,479	5,094	5. 9
Bank	29,377	2,316	9,817	**41,510**	43,052	(3,083)	(6. 9)
Residential mortgage	467,207	73,803	-	**541,010**	539,355	3,311	0. 6
Qualifying revolving retail	10,009	17,248	-	**27,257**	27,277	(41)	(0. 2)
Other retail	7,849	3,073	-	**10,922**	11,001	(158)	(1. 4)
Total AIRB approach	730,398	158,685	20,699	**909,782**	910,056	(548)	(0. 1)
Specialised lending	55,428	11,133	753	**67,314**	68,054	(1,480)	(2. 2)
Subject to standardised approach							
Corporate	942	232	3	**1,177**	1,168	19	1. 6
SME corporate	325	79	9	**413**	504	(182)	(30. 6)
SME retail	4,932	956	68	**5,956**	6,016	(120)	(2. 0)
Sovereign	462	34	-	**496**	500	(7)	(1. 4)
Bank	547	-	-	**547**	556	(18)	(3. 2)
Residential mortgage	9,750	1,663	-	**11,413**	11,262	302	2. 7
Other retail	2,717	114	-	**2,831**	2,802	58	2. 1
Other assets	9,380	-	-	**9,380**	9,850	(941)	(9. 1)
Central counterparties	-	-	5,121	**5,121**	5,103	35	0. 7
Total standardised approach	29,055	3,078	5,201	**37,334**	37,761	(854)	(2. 2)
Total credit exposures [(3)]	814,881	172,896	26,653	**1,014,430**	1,015,871	(2,882)	(0. 3)

(1) The simple average of exposures as at 31 March 2017 and 31 December 2016.
(2) The difference between exposures as at 31 March 2017 and 31 December 2016.
(3) Total credit risk exposures (calculated as EAD) do not include equities or securitisation exposures.

Credit Risk Exposures (continued)

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

	31 December 2016						
		Off balance sheet					
Portfolio Type	On balance sheet $M	Non-market related $M	Market related $M	Total $M	Average exposure for December 2016 quarter (1) $M	Change in exposure for December 2016 quarter (2) $M	%
Subject to AIRB approach							
Corporate	72,154	50,176	9,568	131,898	126,052	11,691	9. 7
SME corporate	44,044	9,726	889	54,659	53,509	2,301	4. 4
SME retail	6,977	3,186	-	10,163	10,213	(101)	(1. 0)
SME retail secured by residential mortgage	4,566	1,442	-	6,008	5,874	268	4. 7
Sovereign	83,209	1,173	2,550	86,932	84,173	5,518	6. 8
Bank	30,455	2,584	11,554	44,593	43,864	1,459	3. 4
Residential mortgage	463,471	74,228	-	537,699	533,507	8,384	1. 6
Qualifying revolving retail	10,025	17,273	-	27,298	27,270	56	0. 2
Other retail	7,938	3,142	-	11,080	11,044	71	0. 6
Total AIRB approach	722,839	162,930	24,561	910,330	895,506	29,647	3. 4
Specialised lending	55,736	12,354	704	68,794	73,160	(8,731)	(11. 3)
Subject to standardised approach							
Corporate	913	236	9	1,158	1,334	(352)	(23. 3)
SME corporate	419	170	6	595	747	(303)	(33. 7)
SME retail	5,155	866	55	6,076	6,087	(21)	(0. 3)
Sovereign	503	-	-	503	508	(10)	(1. 9)
Bank	565	-	-	565	573	(16)	(2. 8)
Residential mortgage	9,359	1,752	-	11,111	10,907	408	3. 8
Other retail	2,659	114	-	2,773	2,721	104	3. 9
Other assets	10,321	-	-	10,321	10,095	452	4. 6
Central counterparties	-	-	5,086	5,086	5,231	(291)	(5. 4)
Total standardised approach	29,894	3,138	5,156	38,188	38,203	(29)	(0.1)
Total credit exposures (3)	808,469	178,422	30,421	1,017,312	1,006,869	20,887	2.1

(1) The simple average of exposures as at 31 December 2016 and 30 September 2016.
(2) The difference between exposures as at 31 December 2016 and 30 September 2016.
(3) Total credit risk exposures (calculated as EAD) do not include equities or securitisation exposures.

3.2 Past Due and Impaired Exposures, Provisions and Reserves

All provisions for impairment assessed on an individual basis in accordance with the Australian Accounting Standards are classified as specific provisions in accordance with APS 220 "Credit Quality". Most of the collective provisions raised under the Australian Accounting Standards are included in the General Reserve for Credit Losses (GRCL), however, certain collective provisions not eligible for inclusion in the GRCL are classified as specific provisions. This includes, for example, collective provisions on unsecured retail products 90 days or more past due.

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

	31 March 2017		
	General reserve for credit losses (1) $M	Specific provision (1) $M	Total provisions $M
Collective provision (2)	2,494	260	**2,754**
Individual provisions (2)	-	984	**984**
Total provisions	2,494	1,244	**3,738**
Additional GRCL requirement (3)	587	-	**587**
Total regulatory provisions	3,081	1,244	**4,325**

(1) Provisions classified according to APS 220 "Credit Quality".
(2) Provisions according to the Australian Accounting Standards.
(3) The Group has recognised a deduction from CET1 of $587 million in order to maintain the required minimum GRCL.

	31 December 2016		
	General reserve for credit losses (1) $M	Specific provision (1) $M	Total provisions $M
Collective provision (2)	2,561	246	2,807
Individual provisions (2)	-	1,017	1,017
Total provisions	2,561	1,263	3,824
Additional GRCL requirement (3)	532	-	532
Total regulatory provisions	3,093	1,263	4,356

(1) Provisions classified according to APS 220 "Credit Quality".
(2) Provisions according to the Australian Accounting Standards.
(3) The Group has recognised a deduction from CET1 of $532 million in order to maintain the required minimum GRCL.

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

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

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

	As at 31 March 2017			Quarter ended 31 March 2017	
Portfolio	Impaired assets $M	Past due loans ≥ 90 days $M	Specific provision balance (1) $M	Net charges for individual provisions $M	Actual losses (2) $M
Corporate including SME, specialised lending and central counterparties	1,852	412	736	34	68
Sovereign	-	-	-	-	-
Bank	9	-	9	-	-
Residential mortgage	1,138	2,103	321	29	29
Qualifying revolving retail	124	-	64	-	66
Other retail	159	20	114	1	107
Total	3,282	2,535	1,244	64	270

(1) Specific provision balance includes certain Australian Accounting Standards collective provisions on some past due loans ≥ 90 days.
(2) Actual losses equal write-offs from individual provisions, write-offs direct from collective provisions less recoveries of amounts previously written off, for the quarter ended 31 March 2017.

	As at 31 December 2016			Quarter ended 31 December 2016	
Portfolio	Impaired assets $M	Past due loans ≥ 90 days $M	Specific provision balance (1) $M	Net charges for individual provisions $M	Actual losses (2) $M
Corporate including SME, specialised lending and central counterparties	2,025	432	773	143	78
Sovereign	-	-	-	-	-
Bank	9	-	9	(1)	-
Residential mortgage	1,102	1,883	308	27	27
Qualifying revolving retail	96	-	58	-	59
Other retail	143	25	115	-	99
Total	3,375	2,340	1,263	169	263

(1) Specific provision balance includes certain Australian Accounting Standards collective provisions on some past due loans ≥ 90 days.
(2) Actual losses equal write-offs from individual provisions, write-offs direct from collective provisions less recoveries of amounts previously written off, for the quarter ended 31 December 2016.

3.3 Securitisation

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

	For the 3 months to 31 March 2017	
Underlying Asset Type	Total exposures securitised $M	Recognised gain or loss on sale $M
Residential mortgage	2,395	-
Credit cards and other personal loans	1	-
Auto and equipment finance	80	-
Commercial loans	-	-
Other	-	-
Total	2,476	-

	For the 3 months to 31 December 2016	
Underlying Asset Type	Total exposures securitised $M	Recognised gain or loss on sale $M
Residential mortgage	646	-
Credit cards and other personal loans	-	-
Auto and equipment finance	-	-
Commercial loans	64	-
Other	-	-
Total	710	-

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

	As at 31 March 2017		
Securitisation Facility Type	On Balance Sheet $M	Off Balance Sheet $M	Total exposures $M
Liquidity support facilities	-	110	110
Warehouse facilities	3,868	2,510	6,378
Derivative facilities	6	7	13
Holdings of securities	7,650	-	7,650
Other	-	-	-
Total securitisation exposures	11,524	2,627	14,151

	As at 31 December 2016		
Securitisation Facility Type	On Balance Sheet $M	Off Balance Sheet $M	Total exposures $M
Liquidity support facilities	-	108	108
Warehouse facilities	3,861	2,471	6,332
Derivative facilities	5	8	13
Holdings of securities	7,759	-	7,759
Other	-	-	-
Total securitisation exposures	11,625	2,587	14,212

4. Leverage Ratio

The Group's leverage ratio, defined as Tier 1 Capital as a percentage of total exposures, was 4.9% at 31 March 2017 on an APRA basis and 5.6% on an internationally comparable basis.

The BCBS has advised that the leverage ratio will migrate to a Pillar 1 minimum capital requirement of 3% from 1 January 2018. The BCBS will confirm the final calibration in 2017.

Summary Group Leverage Ratio	31 Mar 17	31 Dec 16	30 Sep 16	30 Jun 16
Tier 1 Capital ($M)	**50,008**	50,218	47,568	48,553
Total Exposures ($M) [(1)]	**1,012,495**	1,018,931	991,196	980,846
Leverage Ratio (APRA) (%)	**4. 9**	4. 9	4. 8	5. 0
Leverage Ratio (Internationally Comparable) (%) [(2)]	**5. 6**	5. 5	5. 4	5. 6

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

(2) The Tier 1 Capital included in the calculation of the internationally comparable leverage ratio aligns with the 13 July 2015 APRA study titled "International capital comparison study" and includes Basel III non-compliant Tier 1 instruments that are currently subject to transitional rules.

Glossary

Term	Definition
Additional Tier 1 Capital	Additional Tier 1 Capital is a Basel III defined concept and consists of high quality capital that essentially includes providing a permanent and unrestricted commitment of funds, is freely available to absorb losses, ranks behind the claims of depositors and other more senior creditors in the event of a wind-up, and provides for fully discretionary capital distributions.
Australian Accounting Standards	The Australian Accounting Standards as issued by the Australian Accounting Standards Board.
Authorised Deposit-taking Institution (ADI)	Includes banks, building societies and credit unions which are authorised by APRA to take deposits from customers.
Advanced Internal Ratings Based (AIRB) Approach	Used to measure credit risk in accordance with the Group's Basel III accreditation that allows the Group to use internal estimates of PD, LGD and EAD for the purposes of calculating regulatory capital.
Advanced Measurement Approach (AMA)	Used to measure operational risk in accordance with the Group's Basel III accreditation that allows the Group to use its own internal model for the purposes of calculating regulatory capital.
Australian Prudential Regulation Authority (APRA)	The regulator of banks, insurance companies and superannuation funds, credit unions, building societies and friendly societies in Australia.
ADI Prudential Standards (APS)	APRA's ADI Prudential Standards. For more information, refer to the APRA web site.
ASB	ASB Bank Limited – a subsidiary of the Commonwealth Bank of Australia that is directly regulated by the Reserve Bank of New Zealand.
Bank	Basel asset class – includes claims on ADIs and overseas banks.
Basel II	Refers to the Basel Committee on Banking Supervision's Revised Framework for International Convergence of Capital Measurement and Capital Standards issued in June 2006 and as subsequently amended.
Basel III	Refers to the Basel Committee on Banking Supervision's framework for more resilient banks and banking systems issued December 2010 (revised June 2011) and Capital requirements for bank exposures to central counterparties (July 2012).
CBA	Commonwealth Bank of Australia – the head entity of the Group.
Central counterparty (CCP)	A clearing house that interposes itself between counterparties to contracts traded in one or more financial markets, thereby ensuring the future performance of open contracts.
Common Equity Tier 1 (CET1) Capital	The highest quality of capital available to the Group reflecting the permanent and unrestricted commitment of funds that are freely available to absorb losses. It comprises ordinary share capital, retained earnings and reserves less prescribed deductions.
Collective Provision	All loans and receivables that do not have an individually assessed provision are assessed collectively for impairment. The collective provision is maintained to reduce the carrying value of the portfolio of loans to their estimated recoverable amounts. These provisions are as reported in the Group's Financial Statements in accordance with the Australian Accounting Standards (AASB 139 "Financial Instruments: Recognition and Measurement").
Corporate	Basel asset class – includes commercial credit risk where annual revenues exceed $50 million.
Credit Valuation Adjustment (CVA) Risk	The risk of mark-to-market losses related to deterioration in the credit quality of a derivative counterparty.

Term	Definition
Exposure at Default (EAD)	The extent to which a bank may be exposed upon default of an obligor.
External Credit Assessment Institution (ECAI)	For example; Moody's Investor Services, S&P Global Ratings or Fitch Ratings.
Extended Licenced Entity (ELE)	APRA may deem an entity of an ADI to be part of the ADI itself for the purposes of measuring the ADIs exposures to related entities.
General Reserve for Credit Losses (GRCL)	APS 220 requires the Group to establish a reserve that covers credit losses prudently estimated, but not certain to arise, over the full life of all individual facilities making up the business of the ADI. Most of the Group's collective provisions are included in the General Reserve for Credit Losses. An excess of required General Reserve for Credit Losses over the Group's collective provisions is recognised as a deduction from CET1.
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 139 "Financial Instruments: Recognition and Measurement"). Also known as individually assessed provisions or IAP.
Interest Rate Risk in the Banking Book (IRRBB)	The risk that the Bank's profit derived from Net Interest Income (interest earned less interest paid), in current and future periods, is adversely impacted from changes in interest rates. This is measured from two perspectives; firstly by quantifying the change in the net present value of the Balance Sheet's future earnings potential and secondly, as the anticipated change to the Net Interest Income earned over 12 months. The APS117 IRRBB regulatory capital requirement is calculated using the net present value approach.
Level 1	Represents the ADI and each entity of the ADI that has been approved as an extended licenced entity by APRA.
Level 2	The level at which the Group reports its capital adequacy to APRA being the consolidated banking group comprising the ADI and all of its subsidiary entities other than the insurance and funds management entities and entities through which securitisation of Group assets is conducted. This is the basis on which this report has been produced.
Level 3	The conglomerate group including the Group's insurance and wealth management business.
Leverage Ratio	Tier 1 Capital divided by Total Exposures, with this ratio expressed as a percentage.
Loss Given Default (LGD)	The fraction of EAD that is not expected to be recovered following default.
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.
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.
Residential Mortgage	Basel asset class – retail exposures secured by residential mortgage property.

Glossary

Term	Definition
RBA	Reserve Bank of Australia.
RBNZ	Reserve Bank of New Zealand.
Risk Weighted Assets (RWA)	The value of the Group's On and Off Balance Sheet assets are adjusted by risk weights calculated according to various APRA prudential standards. For more information, refer to the APRA web site.
Scaling Factor	In order to broadly maintain the aggregate level of capital in the global financial system post implementation of Basel II, the Basel Committee on Banking Supervision applies a scaling factor to the risk weighted asset amounts for credit risk under the IRB approach of 1.06.
Securitisation	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	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 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).
Stressed VaR	Stressed Value at Risk uses the same methodology as Value at Risk (VaR) except that the historical data used is taken from a one year observation period of significant market volatility as seen during the Global Financial Crisis.
Tier 1 Capital	Comprises CET1 and Additional Tier 1 Capital.
Tier 2 Capital	Capital items that fall short of the necessary conditions to qualify as Tier 1 Capital.
Total Exposures (as used in the Leverage Ratio)	The sum of On Balance Sheet items, derivatives, securities financing transactions (SFTs), and Off Balance Sheet items, net of any Tier 1 regulatory deductions that are already included in these items, as outlined in APS 110 "Capital Adequacy" (APS 110) Attachment D.