November 22, 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. Annual Disclosure Document for the year ended June 30, 2017 included on the U.S. Investor Website.

References to "$" are to Australian Dollars. The unaudited statutory net profit and unaudited cash earnings figures presented have been rounded to the nearest $50 million. Unless otherwise noted, all comparisons are to the simple average of the results from the quarter ended March 31, 2017 and the quarter ended June 30, 2017.

Summary

On November 8, 2017, the Group advised that its unaudited statutory net profit was $2.80 billion for the quarter ended September 30, 2017 (the "quarter"). Unaudited cash earnings[1] for the quarter were $2.65 billion, an increase of 6%.

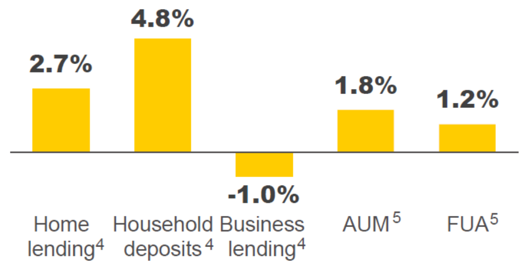
During the quarter, operating income grew by 4%, with banking income supported by volume growth and improved margins. Loan Impairment Expense ("LIE") of $198 million for the quarter equated to 11 basis points of Gross Loans and Acceptances ("GLAA")[2], compared to 15 basis points for the year ended June 30, 2017. The Group continued to strengthen its balance sheet during the quarter, with deposits comprising 68% of the Group's funding and the Group's Liquidity Coverage Ratio ("LCR") at 131% as at September 30, 2017, compared to 67% and 129%, respectively, as at June 30, 2017. The Group's Common Equity Tier 1 ("CET1") capital ratio was 10.1% calculated using the methodology accepted by the Australian Prudential Regulatory Authority ("APRA"), the Group's primary regulator, as at September 30, 2017, an increase of 55 basis points since June 30, 2017 after allowing for the impact of the 2017 final dividend.

Key Financials

1Q18	vs 2H17 Quarterly Average
Operating Income	+4%
Operating Expense	+4%
Operating Performance[3]	+4%
LIE	(20%)
Cash NPAT[1]	**+6%**

Key Volumes

September 2017 vs June 2017
(quarter annualised, except where noted)



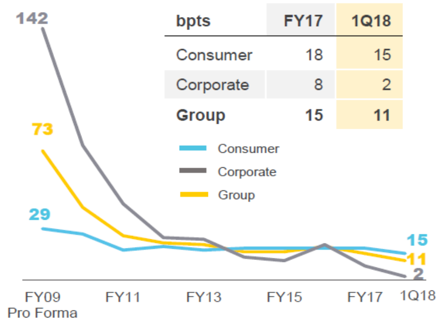
Home lending[4] growth was managed within regulatory limits and trading income was broadly flat during the quarter. Funds management income decreased slightly in the quarter, with lower margins partly offset by the benefit of positive investment markets, which contributed to AUM and FUA growth[5]. Insurance income improved during the quarter, reflecting fewer weather events and the non-recurrence of loss recognition.

Group Net Interest Margin (“NIM”) was higher in the quarter[6], driven by asset repricing and reduced liquid asset balances, partly offset by the impact of the Major Bank Levy[7], higher funding costs and competition. Expenses grew 4% during the quarter. This expense growth includes provisions[8] for the Group’s current estimates of future project costs associated with regulatory actions and compliance programs.

Key outcomes for the quarter are summarized below.

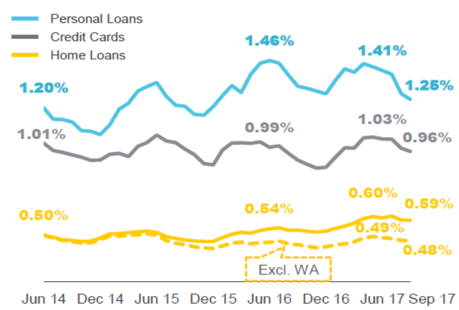
Credit Quality

Loan impairment expense
Basis points of GLAA[2]

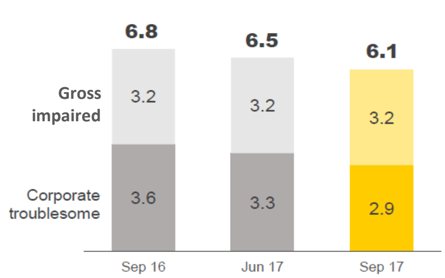


bpts	FY17	1Q18
Consumer	18	15
Corporate	8	2
Group	15	11

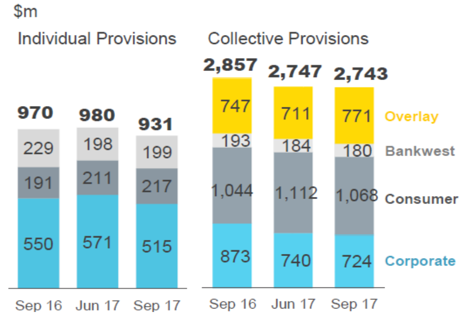
Consumer arrears
90+ days



Troublesome and impaired assets
$bn

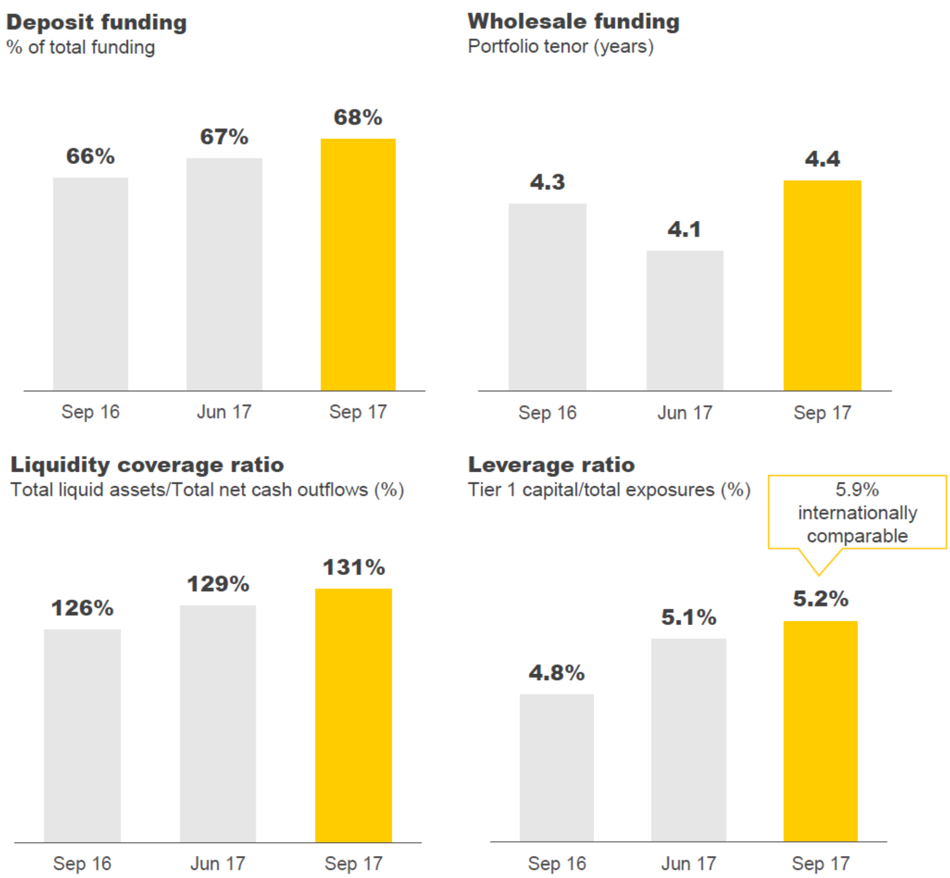


Credit provisions
$m



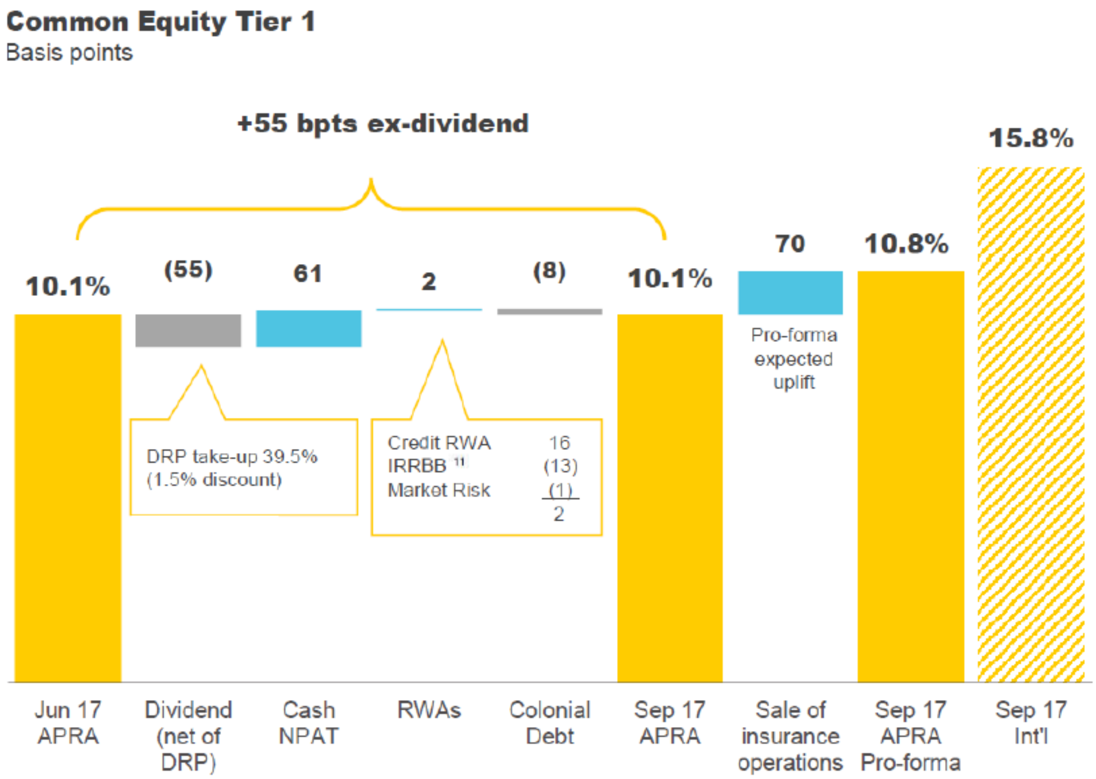
- Corporate LIE was substantially lower in the quarter. Troublesome and impaired assets were lower at $6.1 billion, with broadly stable outcomes across most sectors.
- Consumer arrears were seasonally lower, but continued to be elevated in Western Australia.
- Total credit provisions were $3.7 billion as at September 30, 2017, broadly in line with total credit provisions at June 30, 2017.

Further balance sheet strengthening



- As at September 30, 2017, deposits comprised 68% of the Group's funding and the average tenor of the wholesale funding portfolio was 4.4 years. The Group issued $9.5 billion of long term funding in the quarter, including a 30 year US$1.5 billion issue.
- As at September 30, 2017, the Net Stable Funding Ratio ("NSFR") was 107%[9].
- The LCR was 131% as at September 30, 2017, with liquid asset balances and net cash outflows moving by similar amounts in the quarter. Liquid assets totaled $132 billion as at September 30, 2017 compared to $142 billion as at June 30, 2017.
- The Group's Leverage Ratio, which is defined as Tier 1 Capital as a percentage of total exposures, was 5.2% on an APRA basis and 5.9% on an internationally comparable basis[10] as at September 30, 2017, an increase under both measures of 10 basis points compared to June 30, 2017.

Organic capital generation underpinned by lower Credit Risk Weighted Assets



- The Group's CET1 ratio, calculated using the methodology accepted by APRA was 10.1% as at September 30, 2017. After allowing for the impact of the 2017 final dividend (which included the issuance of shares in respect of the Group's Dividend Reinvestment Plan), the Group's CET1 ratio increased 55 basis points in the quarter.
- Credit Risk Weighted Assets (RWAs) were lower in the quarter, contributing 16 basis points to the Group's CET1 ratio. This was partially offset by higher interest rate risk in the banking book during the quarter, which was driven by interest rate movements and risk management activities and decreased the Group's CET1 ratio by 13 basis points.
- The maturity of a further $350 million of Colonial debt compressed the Group's CET1 ratio by 8 basis points in the quarter. The final tranche of outstanding Colonial debt ($315 million) is due to mature during the half year ended June 30, 2018 and is expected to decrease the Group's CET1 ratio by seven basis points.
- In September 2017 the Group announced the sale of its Australian and New Zealand life insurance operations to AIA Group Ltd. The sale is expected to be completed in calendar year 2018 and is expected to increase the Group's CET1 ratio by approximately 70 basis points.

Basel III Pillar 3 Capital Adequacy and Risks Disclosures – Quarterly Update as at September 30, 2017

On November 8, 2017, the Group released its Basel III Pillar 3 Capital Adequacy and Risks Disclosures as at September 30, 2017. That release is attached as Annex A hereto.

Footnotes

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 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 in Note 26 to the Group's U.S. Financial Report for the year ended June 30, 2017 included on the U.S. Investor Website.

2. Loan impairment expense calculated as a percentage of average Gross Loans and Acceptances ("GLAA") and expressed in basis points.

3. Operating performance is operating income less operating expenses.

4. The sources for these figures are the APRA Monthly Banking Statistics (Historical series) and Reserve Bank of Australia Financial Aggregates. Business lending (excluding cash management pooling facilities) represents drawn balances and includes specific "business lending" categories in the following lodged APRA returns: ARF 320.0 Statement of Financial Position Domestic Book, ARF 320.1 Debt Securities Held and ARF 320.4 Accepted and Endorsed Bills, excluding sub-categories of Banks, Authorised Deposit-taking Institutions, Registered Financial Corporations and Governments.

5. Assets Under Management ("AUM") and Funds Under Administration ("FUA"). Volume growth comparison is to the average AUM and FUA for the quarter ended June 30, 2017 on an non-annualized basis.

6. Movement in Group NIM from the half year ended June 30, 2017.

7. The Major Bank Levy refers to the new major bank levy introduced by the 2017 Australian Federal Budget on certain liabilities for authorized deposit-taking institutions with licensed entity liabilities of at least $100 billion, which includes the Group, to be levied from July 1, 2017.

8. These provisions represent our current estimates of future project costs expected to be incurred for various regulatory actions and compliance programs, including those related to the Australian Transaction Reports and Analysis Centre ("AUSTRAC") proceedings. On August 3, 2017, AUSTRAC commenced civil penalty proceedings against the Group. The Group is preparing to lodge its defense in response to the allegations in the Statement of Claim, which is required to be lodged with the court by December 15, 2017. At this time it is not possible to reliably estimate any potential penalties relating to these proceedings. Any such potential penalties are therefore excluded from these provisions. Further details regarding the AUSTRAC proceedings can be found in the U.S. Annual Disclosure Document – see "Risk Factors" and "Description of Business Environment – Legal Proceedings".

9. The NSFR is the second quantitative measure of the Basel III reforms, in addition to the LCR (as defined below). It is scheduled to be implemented by APRA in Australia on January 1, 2018. It will require Australian authorized deposit-taking institutions, such as the Group, to fund their assets with sufficient stable funding to reduce funding risk over a one year horizon. APRA

prescribed factors are used to determine the stable funding requirement of assets and the stability of funding.

10. “Internationally comparable basis” analysis aligns with the methodology set forth in the APRA study entitled “International capital comparison study” (July 13, 2015).

11. Interest rate risk in the banking book.

Annex A

Basel III
Pillar 3

Capital Adequacy and Risks
Disclosures as at 30 September 2017

CommonwealthBank

Commonwealth Bank of Australia | ACN 123 123 124 | 8 November 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 the insurance and funds management businesses and entities through which securitisation of Group assets are conducted.

The Group is predominantly accredited to use the Advanced Internal Ratings Based (AIRB) approach 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 2017 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 10.1% at 30 September 2017, in line with 30 June 2017.

After allowing for the impact of the 2017 final dividend (which included the issuance of shares at a 1.5% discount under the Dividend Reinvestment Plan (DRP)), the CET1 (APRA) ratio increased 55 basis points in the quarter. This was driven by capital generated from earnings, and marginally lower risk weighted assets, offset by the maturity of a further $350 million of Colonial debt. The final tranche of the Colonial debt is due to mature in the half year to June 2018 ($315m, a decrease of approximately 7 basis points of CET1).

The Group's Basel III internationally comparable CET1 ratio as at 30 September 2017 was 15.8% compared to 15.6% at 30 June 2017. The internationally comparable basis aligns with the APRA study entitled "International capital comparison study" (13 July 2015).

In September 2017 the Group announced the sale of its Australia and New Zealand life insurance operations to AIA Group Limited. The transaction is expected to result in an uplift to CET1 (APRA and Internationally Comparable) of 70 and 50 basis points respectively.

Capital Initiatives

During the quarter the DRP in respect of the 2017 final dividend was satisfied by the allocation of approximately $1,573 million of ordinary shares, representing a participation rate of 39.5%.

In October 2017, the Group issued a EUR1 billion subordinated note that is Basel III compliant Tier 2 capital. This will add an additional 34 basis points in Tier 2 capital over and above the 30 September 2017 reported level.

Leverage Ratio

The Group's Leverage Ratio, which is defined as Tier 1 Capital as a percentage of exposures, was 5.2% at 30 September 2017 (30 June 2017: 5.1%) on an APRA basis and 5.9% (30 June 2017: 5.8%) on an internationally comparable basis.

Summary Group Capital Adequacy Ratios (Level 2)	30 Sep 17 %	30 Jun 17 %
Common Equity Tier 1	**10. 1**	10. 1
Tier 1	**12. 1**	12. 1
Tier 2	**2. 0**	2. 1
Total Capital (APRA)	**14. 1**	14. 2
Common Equity Tier 1 (Internationally Comparable) (1)	**15. 8**	15. 6

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

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 September 2017 quarter	
	30 Sep 17	30 Jun 17		
Asset Category	$M	$M	$M	%
Credit Risk				
Subject to AIRB approach (1)				
Corporate	**71,919**	74,663	(2,744)	(3. 7)
SME corporate	**32,947**	33,067	(120)	(0. 4)
SME retail	**4,728**	4,838	(110)	(2. 3)
SME retail secured by residential mortgage	**2,655**	2,766	(111)	(4. 0)
Sovereign	**2,136**	2,154	(18)	(0. 8)
Bank	**11,802**	12,598	(796)	(6. 3)
Residential mortgage	**135,797**	134,969	828	0. 6
Qualifying revolving retail	**8,993**	9,414	(421)	(4. 5)
Other retail	**14,758**	15,101	(343)	(2. 3)
Total RWA subject to AIRB approach	**285,735**	289,570	(3,835)	(1. 3)
Specialised lending	**56,533**	58,752	(2,219)	(3. 8)
Subject to standardised approach				
Corporate	**1,037**	1,202	(165)	(13. 7)
SME corporate	**368**	510	(142)	(27. 8)
SME retail	**5,969**	6,172	(203)	(3. 3)
Sovereign	**238**	271	(33)	(12. 2)
Bank	**102**	136	(34)	(25. 0)
Residential mortgage	**5,168**	5,017	151	3. 0
Other retail	**2,893**	2,925	(32)	(1. 1)
Other assets	**5,531**	5,291	240	4. 5
Total RWA subject to standardised approach	**21,306**	21,524	(218)	(1. 0)
Securitisation	**1,531**	1,584	(53)	(3. 3)
Credit valuation adjustment	**4,592**	4,958	(366)	(7. 4)
Central counterparties	**830**	871	(41)	(4. 7)
Total RWA for credit risk exposures	**370,527**	377,259	(6,732)	(1. 8)
Traded market risk	**5,059**	4,650	409	8. 8
Interest rate risk in the banking book	**27,013**	21,404	5,609	26. 2
Operational risk	**33,750**	33,750	-	-
Total risk weighted assets	**436,349**	437,063	(714)	(0. 2)

(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 Group RWA decreased by $0.7 billion or 0.2% on the prior quarter to $436.3 billion.

Credit Risk RWA

Credit risk RWA decreased $6.7 billion or 1.8% on the prior quarter to $370.5 billion. This was primarily due to:

- Improved credit quality across most portfolios;
- Reduction of exposure across corporate portfolios;
- Foreign currency movements; and
- Refresh of credit risk estimates across some non-retail portfolios.

These decreases were partly offset by an increase in risk weighted assets for Australian residential mortgages reflecting both growth in exposures and APRA's minimum capital requirements.

Traded Market Risk RWA

Traded market risk RWA increased by $0.4 billion or 8.8% on the prior quarter to $5.1 billion. This was mainly due to increases in the internal model measured interest rate exposures.

Interest Rate Risk in the Banking Book (IRRBB) RWA

IRRBB RWA increased $5.6 billion or 26.2% on the prior quarter to $27.0 billion. This was driven by interest rate risk management activity and higher interest rate levels, offset by model enhancements.

Operational Risk RWA

Operational risk RWA have remained unchanged during the quarter representing the regulatory minimum threshold.

Operational risk RWA are regularly assessed to consider material changes in the operational risk profile.

3. Credit Risk

3.1 Credit Risk Exposures

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

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

	30 September 2017						
		Off balance sheet					
Portfolio Type	On balance sheet $M	Non-market related $M	Market related $M	Total $M	Average exposure for September 2017 quarter [1] $M	Change in exposure for September 2017 quarter [2] $M	%
Subject to AIRB approach							
Corporate	73,621	48,639	6,752	**129,012**	129,777	(1,530)	(1. 2)
SME corporate	45,632	9,149	559	**55,340**	55,146	388	0. 7
SME retail	7,009	3,188	-	**10,197**	10,243	(92)	(0. 9)
SME retail secured by residential mortgage	4,327	1,427	-	**5,754**	5,804	(100)	(1. 7)
Sovereign	80,901	1,187	1,621	**83,709**	88,061	(8,704)	(9. 4)
Bank	32,149	2,228	8,494	**42,871**	42,978	(213)	(0. 5)
Residential mortgage	475,433	73,583	-	**549,016**	547,691	2,650	0. 5
Qualifying revolving retail	9,649	17,215	-	**26,864**	26,990	(252)	(0. 9)
Other retail	7,745	3,116	-	**10,861**	10,943	(164)	(1. 5)
Total AIRB approach	736,466	159,732	17,426	**913,624**	917,633	(8,017)	(0. 9)
Specialised lending	53,098	10,779	646	**64,523**	65,783	(2,521)	(3. 8)
Subject to standardised approach							
Corporate	854	190	17	**1,061**	1,364	(606)	(36. 4)
SME corporate	273	82	12	**367**	439	(143)	(28. 0)
SME retail	4,951	962	44	**5,957**	6,058	(202)	(3. 3)
Sovereign	431	61	-	**492**	508	(33)	(6. 2)
Bank	346	1	-	**347**	398	(102)	(22. 6)
Residential mortgage	10,375	1,680	-	**12,055**	11,854	402	3. 4
Other retail	2,788	102	-	**2,890**	2,906	(32)	(1. 1)
Other assets	9,776	-	-	**9,776**	9,635	282	3. 0
Central counterparties	-	-	5,612	**5,612**	5,649	(74)	(1. 3)
Total standardised approach	29,794	3,078	5,685	**38,557**	38,811	(507)	(1. 3)
Total credit exposures [3]	819,358	173,589	23,757	**1,016,704**	1,022,227	(11,045)	(1. 1)

(1) The simple average of exposures as at 30 September 2017 and 30 June 2017.
(2) The difference between exposures as at 30 September 2017 and 30 June 2017.
(3) Total credit risk exposures (calculated as EAD) do not include equities or securitisation exposures.

3.1 Credit Risk Exposures (continued)

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

	30 June 2017						
		Off balance sheet					
Portfolio Type	On balance sheet $M	Non-market related $M	Market related $M	Total $M	Average exposure for June 2017 quarter (1) $M	Change in exposure for June 2017 quarter (2) $M	%
Subject to AIRB approach							
Corporate	72,930	50,677	6,935	130,542	128,141	4,803	3. 8
SME corporate	45,380	8,991	581	54,952	55,072	(241)	(0. 4)
SME retail	7,136	3,153	-	10,289	10,229	121	1. 2
SME retail secured by residential mortgage	4,453	1,401	-	5,854	5,906	(103)	(1. 7)
Sovereign	88,977	1,171	2,264	92,412	92,219	386	0. 4
Bank	32,537	2,519	8,028	43,084	42,297	1,574	3. 8
Residential mortgage	474,059	72,308	-	546,367	543,688	5,357	1. 0
Qualifying revolving retail	9,906	17,210	-	27,116	27,186	(141)	(0. 5)
Other retail	7,867	3,158	-	11,025	10,974	103	0. 9
Total AIRB approach	743,245	160,588	17,808	921,641	915,712	11,859	1. 3
Specialised lending	54,236	12,093	716	67,045	67,179	(269)	(0. 4)
Subject to standardised approach							
Corporate	1,005	223	439	1,667	1,422	490	41. 6
SME corporate	397	112	1	510	462	97	23. 5
SME retail	5,143	951	65	6,159	6,057	203	3. 4
Sovereign	499	26	-	525	511	29	5. 8
Bank	448	-	-	448	498	(99)	(18. 1)
Residential mortgage	10,015	1,639	-	11,654	11,533	241	2. 1
Other retail	2,821	100	-	2,921	2,876	90	3. 2
Other assets	9,494	-	-	9,494	9,437	114	1. 2
Central counterparties	-	-	5,686	5,686	5,403	565	11. 0
Total standardised approach	29,822	3,051	6,191	39,064	38,199	1,730	4.6
Total credit exposures (3)	827,303	175,732	24,715	1,027,750	1,021,090	13,320	1.3

(1) The simple average of exposures as at 30 June 2017 and 31 March 2017.
(2) The difference between exposures as at 30 June 2017 and 31 March 2017.
(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

	30 September 2017		
	General reserve for credit losses (1) $M	Specific provision (1) $M	Total provisions $M
Collective provision (2)	2,493	250	**2,743**
Individual provisions (2)	-	931	**931**
Total provisions	2,493	1,181	**3,674**
Additional GRCL requirement (3)	570	-	**570**
Total regulatory provisions	3,063	1,181	**4,244**

(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 $570 million in order to maintain the required minimum GRCL.

	30 June 2017		
	General reserve for credit losses (1) $M	Specific provision (1) $M	Total provisions $M
Collective provision (2)	2,486	261	2,747
Individual provisions (2)	-	980	980
Total provisions	2,486	1,241	3,727
Additional GRCL requirement (3)	589	-	589
Total regulatory provisions	3,075	1,241	4,316

(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 $589 million in order to maintain the required minimum GRCL.

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

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

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

	As at 30 September 2017			Quarter ended 30 September 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	1,761	384	663	(5)	48
Sovereign	-	-	-	-	-
Bank	9	-	9	-	-
Residential mortgage	1,204	2,194	346	27	29
Qualifying revolving retail	120	-	61	-	63
Other retail	150	25	102	1	99
Total	3,244	2,603	1,181	23	239

(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 30 September 2017.

	As at 30 June 2017			Quarter ended 30 June 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	1,677	401	711	94	122
Sovereign	-	-	-	-	-
Bank	9	-	9	-	-
Residential mortgage	1,204	2,243	343	44	32
Qualifying revolving retail	131	-	65	-	66
Other retail	166	25	113	1	105
Total	3,187	2,669	1,241	139	325

(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 30 June 2017.

3.3 Securitisation

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

	For the 3 months to 30 September 2017	
Underlying Asset Type	Total exposures securitised $M	Recognised gain or loss on sale $M
Residential mortgage	730	-
Credit cards and other personal loans	200	-
Auto and equipment finance	96	-
Commercial loans	-	-
Other	-	-
Total	1,026	-

	For the 3 months to 30 June 2017	
Underlying Asset Type	Total exposures securitised $M	Recognised gain or loss on sale $M
Residential mortgage	3,762	-
Credit cards and other personal loans	-	-
Auto and equipment finance	1,058	-
Commercial loans	-	-
Other	-	-
Total	4,820	-

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

	As at 30 September 2017		
Securitisation Facility Type	On Balance Sheet $M	Off Balance Sheet $M	Total exposures $M
Liquidity support facilities	-	149	149
Warehouse facilities	3,814	3,302	7,116
Derivative facilities	51	13	64
Holdings of securities	7,661	-	7,661
Other	-	-	-
Total securitisation exposures	11,526	3,464	14,990

	As at 30 June 2017		
Securitisation Facility Type	On Balance Sheet $M	Off Balance Sheet $M	Total exposures $M
Liquidity support facilities	-	122	122
Warehouse facilities	4,161	2,904	7,065
Derivative facilities	62	14	76
Holdings of securities	7,535	-	7,535
Other	-	-	-
Total securitisation exposures	11,758	3,040	14,798

4. Leverage Ratio

The Group's leverage ratio, defined as Tier 1 Capital as a percentage of total exposures, was 5.2% at 30 September 2017 on an APRA basis and 5.9% 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	30 Sep 17	30 Jun 17	31 Mar 17	31 Dec 16
Tier 1 Capital ($M)	**52,592**	52,684	50,008	50,218
Total Exposures ($M) (1)	**1,011,801**	1,027,958	1,012,495	1,018,931
Leverage Ratio (APRA) (%)	**5. 2**	5. 1	4. 9	4. 9
Leverage Ratio (Internationally Comparable) (%) (2)	**5. 9**	5. 8	5. 6	5. 5

(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 Licensed 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 Licensed 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 AIRB 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.