Basel III Pillar 3

Capital Adequacy and Risks Disclosures as at 31 December 2018

CommonwealthBank

Table of Contents

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1 Introduction

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

This document is prepared in accordance with Board approved policy and APRA's prudential standard APS 330 "Public Disclosure". It presents information on the Group's capital adequacy and Risk Weighted Asset (RWA) calculations for credit risk including securitisation, 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 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 (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 requirements under Pillar 1 of the Basel capital framework.

The external auditor (PwC) has performed certain procedures over the Pillar 3 report, including verifying disclosures are consistent with information contained in the Group's Profit Announcement, returns provided to APRA and source systems. PwC have provided recommendations to enhance the internal controls related to the calculation of RWAs and the Group has an action plan in place to implement these recommendations.

The Pillar 3 document is available on the Group's corporate website:

www.commbank.com.au/investors

The Group in Review

As at 31 December 2018, the Group's Basel III Common Equity Tier 1 (CET1), Tier 1 and Total Capital ratios as measured on an APRA basis were 10.8%, 12.9% and 15.8% respectively. The Basel III CET1 ratio was 16.5% on an internationally comparable basis as at 31 December 2018.

The Group's Leverage Ratio, which is defined as Tier 1 Capital as a percentage of total exposures was 5.6% at 31 December 2018 on an APRA basis and 6.4% on an internationally comparable basis.

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 131% in the December 2018 quarter.

On 1 January 2018, APRA introduced a Net Stable Funding Ratio (NSFR) requirement designed to encourage stable funding of core assets. APRA prescribed factors are used to determine the stable funding requirement of assets and the stability of alternative sources of funding. The Group's NSFR was 112% at 31 December 2018 quarter.

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

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

The application of the Group's risk management framework has been reflected in the Group's overall asset quality and capital position. In particular, the Group remains in a select group of banking institutions with a 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, stress testing and the Group's bottom up view of economic capital. These views then cascade into considerations on what capital level is targeted.

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

Summary Group Capital Adequacy Ratios (Level 2)	31 Dec 18 %	30 Jun 18 %	31 Dec 17 (1) %
Common Equity Tier 1	**10. 8**	10. 1	10. 4
Tier 1	**12. 9**	12. 3	12. 3
Tier 2	**2. 9**	2. 7	2. 4
Total Capital (APRA)	**15. 8**	15. 0	14. 7
Common Equity Tier 1 (Internationally Comparable) (2)	**16. 5**	15. 5	16. 3

(1) Comparative information has been restated to conform to presentation in the current period.
(2) Analysis aligns with the 13 July 2015 APRA study titled "International capital comparison study".

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

The Group is required to report its assessment of capital adequacy on a Level 2 basis. The head of the Level 2 Group is the Parent Bank (Commonwealth Bank of Australia). Additional disclosure of capital ratios relating to material ADIs within the Group together with CBA's own Level 1 capital ratios are included under APS 330 Table 6g of this report (page 6).

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

CommBank Europe Ltd (CBE) and PT Bank Commonwealth (PTBC) use Standardised Basel III methodology.

On 2 July 2018, the Group completed the sale of its life insurance business in New Zealand to AIA Group Limited (AIA).

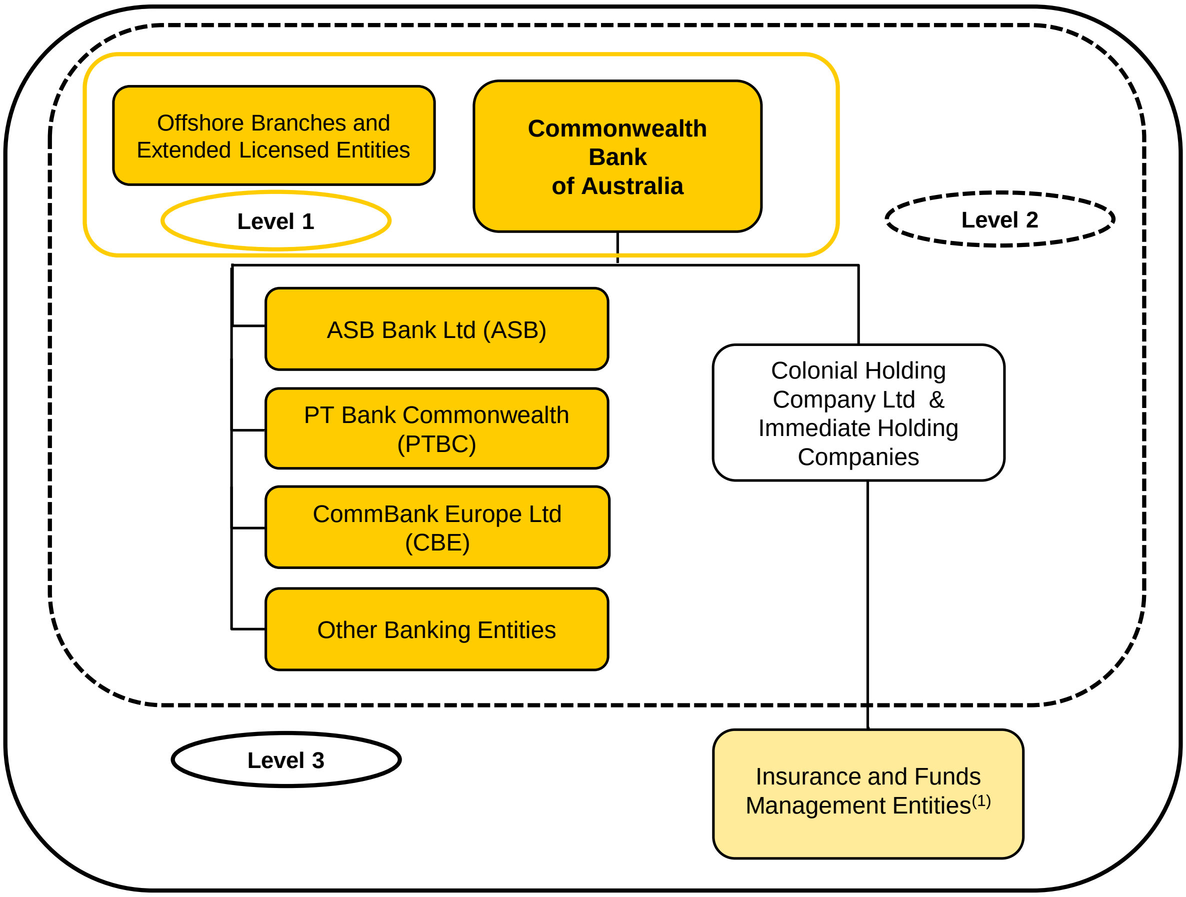
On 1 November 2018, the Group completed the sale of Commonwealth Bank of South Africa (Holding Company) Limited (TymeDigital) to the minority shareholder, African Rainbow Capital.

Restrictions on transfer of funds or regulatory capital within the Group

The transfer of regulatory capital and funding within the Group is subject to restrictions imposed by local regulatory requirements. In particular, APS 222 "Associations with Related Entities" establishes prudential limits on the level of exposure that the Bank may have to a related entity.

The Bank and all of the subsidiaries of the Group are adequately capitalised. There are no restrictions or other major impediments on the transfer of funds within the Group. There are no capital deficiencies in non-consolidated (regulatory) subsidiaries in the Group.

APS 330 reporting structure



(1) Insurance and funds management operating subsidiaries. A detailed list of non-consolidated entities is provided in Appendix 11.5.

3 Capital

Capital Adequacy

The Basel Committee on Banking Supervision (BCBS) has implemented a set of capital, liquidity and funding reforms known as "Basel III". 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 major reforms including the application of the capital conservation buffer, were implemented on a phased approach up to 1 January 2019.

The capital reforms were implemented in Australia from 1 January 2013. APRA has adopted a more conservative approach than the minimum standards published by the BCBS and also adopted an accelerated timetable for implementation.

The APRA prudential standards require a minimum CET1 ratio of 4.5% effective from 1 January 2013. An additional CET1 capital conservation buffer of 3.5%, inclusive of a Domestic Systemically Important Bank (DSIB) requirement of 1% and a countercyclical capital buffer (CCyB)(1) of 0% (effective from 1 January 2016), bringing the CET1 requirement to at least 8%.

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 dated and undated subordinated debt issues. 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 Risk Committee. Three year capital forecasts are conducted on a quarterly basis and a detailed capital and strategic plan is presented to the Board annually.

Capital Management

The Bank's CET1 ratio (APRA) was 10.8% as at 31 December 2018, an increase of 70 basis points on 30 June 2018 and 40 basis points on 31 December 2017. The CET1 ratio was consistently well in excess of regulatory minimum capital adequacy requirements at all times throughout the half year ended 31 December 2018.

The increase of 70 basis points for the half year ended 31 December 2018 was primarily driven by capital generated from earnings, a net reduction in total Risk Weighted Assets (RWA) and the benefit from the sale of the New Zealand life insurance operations. This was partially offset by the impact of the implementation of AASB 9 and AASB 15 on 1 July 2018.

Capital Initiatives

The following significant capital initiatives were undertaken during the half year ended 31 December 2018:

Common Equity Tier 1 Capital

- The Dividend Reinvestment Plan (DRP) in respect of the 2018 final dividend, was satisfied by the allocation of $749 million of ordinary shares representing a participation rate of 18.4%.

Additional Tier 1 Capital

- In December 2018, the Bank issued $1.59 billion of CommBank PERLS XI Capital Notes (PERLS XI) and concurrently redeemed $2 billion of Perpetual Exchangeable Resaleable Listed Securities (PERLS VI), both instruments are Basel III compliant Additional Tier 1 securities.

Other Regulatory Changes

Unquestionably strong capital ratios

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

APRA's expectation in relation to the concept of unquestionably strong is that the Australian major banks will operate with a CET1 average benchmark ratio of 10.5% or more by 1 January 2020.

Following the finalisation of the reforms announced by the BCBS in December 2017, as detailed below, APRA have advised that these reforms have been accommodated within the targets set by APRA in July 2017.

Basel Committee on Banking Supervision (BCBS)

In December 2017, the BCBS released "Basel III: Finalising post-crisis reforms", (commonly referred to as "Basel IV").

These reforms include:

- Revisions to the Internal Ratings Based (IRB) approach to credit risk including removal of the 1.06 scaling factor, constraints on the use of IRB for certain asset classes (large corporates, banks and financial institutions), and application of minimum input parameters to the remaining IRB credit exposures;
- Improved granularity and risk sensitivity for the standardised approach for credit risk;
- Removal of the operational risk AMA and existing Standardised Measurement Approach (SMA), which will be replaced by a single risk sensitive standardised approach to be used by all banks; and
- Introduction of an aggregate output floor based on the revised Basel III Standardised Approach to calculating RWA. The floor will be phased in over a 5 year period starting at 50% from 1 January 2022, increasing to 72.5% from 1 January 2027.

In January 2019 the BCBS released "Minimum capital requirements for market risk" which finalises changes to the identification and measurement of market risk under both the standardised approach and internal models approach.

All of the above reforms are scheduled to be implemented from 1 January 2022.

(1) In January 2019, APRA announced that the CCyB for Australian exposures will remain at 0%. The Group has limited exposures to those offshore jurisdictions in which a CCyB in excess of 0% has been imposed.

APRA

In calendar year 2018, APRA issued a number of consultation documents related to proposed revisions to the overall design of the capital framework in order to improve transparency, international comparability and flexibility.

In February 2018 APRA released a paper titled "Discussion paper – Revisions to the capital framework for authorised deposit-taking institutions" in response to the BCBS reforms.

Additional proposals addressed by APRA include:

- Increased capital requirements for investment and interest only home loan exposures, and amendment to the correlation factor to dampen procyclicality of risk weights;
- Higher correlation factors to apply in the Other Retail asset class (including credit cards);
- Large corporate and financial institutions will be subject to the Foundation Internal Ratings based approach;
- Removal of slotting approach and introduction of two asset classes for commercial property;
- Merging of SME retail and SME Corporate asset classes;
- Higher Credit Conversion Factors (CCFs) for off-balance sheet exposures;
- Mandate Loss Given Default (LGD) and Exposure At Default (EAD) estimates for certain non-retail portfolios; and
- Implementation of an output floor (without transitional phasing).

In August 2018, APRA released a paper titled "Discussion paper – Improving the transparency, comparability and flexibility of the ADI capital framework". APRA proposes two key options for achieving comparability, without changing the quantum or allocation of capital.

The first option advocates the additional disclosure of APRA prescribed internationally comparable capital ratios, alongside the current APRA regulatory capital ratios. The second option will result in only one set of APRA regulatory capital ratios that is more internationally harmonised than the current approach. The latter will be achieved by removing certain aspects of APRA's relative conservatism from ADI's capital ratio calculations and at the same time lifting the minimum regulatory capital ratio requirements.

APRA intends to implement these reforms from 1 January 2022.

In November 2018, APRA released a paper titled "Discussion Paper - Increasing the loss–absorbing capacity of ADI's to support orderly resolution". APRA is proposing increasing the total capital requirement by between 4% and 5% of RWA for the four Australian major banks. APRA anticipates that the majority of the additional capital will be raised in the form of Tier 2 capital. APRA proposes that these new requirements will be effective from 2023. Consultation on the proposals is currently open with Australian major banks involved in ongoing discussions with APRA.

Other reforms

- Two new accounting standards, AASB 9 Financial Instruments and AASB 15 Revenue from contracts with customers were implemented on 1 July 2018. AASB 16 Leases will be implemented on 1 July 2019;
- APRA has finalised its prudential requirements for the standardised approach to counterparty credit risk (SA-CCR), and these will take effect from 1 July 2019; and
- The RBNZ is undertaking a comprehensive review of the capital adequacy framework applying to registered banks incorporated in New Zealand. The review focuses on three key components of the current framework, the definition of eligible capital instruments, the calculation of RWAs and minimum capital ratios and buffers. The latest consultation, released in December 2018, includes proposals to increase the Tier 1 capital ratio requirement for domestic systemically important banks to 16% and increase the IRB RWA calculation to approximately 90% of the RWA calculated under the standardised approach. The higher IRB RWA requirements are due to be implemented by June 2020 whilst the increase in Tier 1 capital requirements will be phased over a five year period from 2019. The proposed Tier 1 capital requirement includes a CCyB for New Zealand exposures of 1.5%. Industry submissions are due by 3 May 2019 with the RBNZ expected to finalise its revised capital adequacy framework later this year.

Capital

Group Regulatory Capital Position

Summary Group Capital Adequacy Ratios (Level 2)	31 Dec 18 %	30 Jun 18 %	31 Dec 17 [(1)] %
Common Equity Tier 1	**10. 8**	10. 1	10. 4
Tier 1	**12. 9**	12. 3	12. 3
Tier 2	**2. 9**	2. 7	2. 4
Total Capital (APRA)	**15. 8**	15. 0	14. 7
Common Equity Tier 1 (Internationally Comparable) [(2)]	**16. 5**	15. 5	16. 3

(1) Comparative information has been restated to conform to presentation in the current period.
(2) Analysis aligns with the 13 July 2015 APRA study titled “International capital comparison study”.

	APRA 31 Dec 18 $M	APRA 30 Jun 18 [(1)] $M	APRA 31 Dec 17 [(1)] $M
Ordinary Share Capital and Treasury Shares [(2)]	**38,283**	37,535	37,002
Reserves	**2,124**	1,596	1,423
Retained earnings [(3)]	**27,525**	28,018	26,856
Non-controlling interests	**-**	-	-
Common Equity Tier 1 Capital before regulatory adjustments	**67,932**	67,149	65,281
Common Equity Tier 1 regulatory adjustments	**(19,906)**	(20,679)	(19,441)
Common Equity Tier 1 Capital	**48,026**	46,470	45,840
Additional Tier 1 Capital	**9,492**	9,895	8,523
Tier 1 Capital	**57,518**	56,365	54,363
Tier 2 Capital	**12,932**	12,579	10,622
Total Capital	**70,450**	68,944	64,985

(1) Comparative information has been restated to conform to presentation in the current period.
(2) Inclusive of Treasury shares held by the Group's life insurance operations and employee share scheme trusts ($87 million).
(3) Opening retained earnings at 1 July 2018 adjusted for the adoption of AASB 9 and AASB 15.

Further details on the composition of the Group’s capital is detailed in Appendix 11.

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

Significant Group ADIs	31 Dec 18 %	30 Jun 18 [(1)] %	31 Dec 17 [(1)] %
CBA Level 1 CET1 Capital ratio	**11. 3**	10. 8	11. 0
CBA Level 1 Tier 1 Capital ratio	**13. 3**	12. 8	12. 7
CBA Level 1 Total Capital ratio	**16. 3**	15. 5	15. 2
ASB CET1 Capital ratio	**11. 5**	10. 6	10. 6
ASB Tier 1 Capital ratio	**13. 3**	12. 4	12. 6
ASB Total Capital ratio	**14. 8**	13. 9	14. 1

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

Regulatory Capital Framework 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 2018, the Group's internationally comparable CET1, Tier 1 and Total Capital ratios were 16.5%, 19.1% and 22.6% respectively. The basis of this analysis aligns with the APRA study.

The following table provides details on the differences, as at 31 December 2018, between the APRA Basel III capital requirements and the internationally comparable capital ratios.

Item	APRA Study Reference	Description of adjustment	CET1 %	Tier 1 %	Total Capital %
Basel III (APRA)			**10. 8**	**12. 9**	**15. 8**
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.	1. 0	0. 9	0. 8
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. 4	0. 4	0. 4
IRRBB RWA	3.3.2	APRA requires capital to be held for IRRBB. The BCBS does not have any capital requirement.	0. 4	0. 5	0. 6
Residential mortgages	3.3.1	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. 1	2. 5	3. 0
Other retail standardised exposures	3.3.6	Risk weighting of 75%, rather than 100% under APRA's requirements.	0. 1	0. 1	0. 1
Unsecured non-retail exposures	3.3.3	LGD of 45%, compared to the 60% or higher LGD under APRA's requirements.	0. 5	0. 5	0. 6
Non-retail undrawn commitments	3.3.4	Credit conversion factor of 75%, compared to 100% under APRA's requirements.	0. 3	0. 4	0. 5
Specialised lending	3.3.5	Use of AIRB 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.	0. 7	0. 9	1. 0
Currency conversion	3.3.7	Increase in the A$ equivalent concessional threshold level for small business retail and small/medium enterprise corporate exposures.	0. 1	0. 1	0. 1
Subtotal (1)			**16. 5**	**19. 3**	**23. 0**
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. 2)	(0. 4)
Basel III (Internationally Comparable - aligns with APRA study)			**16. 5**	**19. 1**	**22. 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 the Leverage Ratio (Internationally Comparable) as determined on page 8.

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.

4 Leverage Ratio

The Group's leverage ratio, defined as Tier 1 Capital as a percentage of total exposures, was 5.6% at 31 December 2018 on an APRA basis and 6.4% on an internationally comparable basis.

In December 2017, as part of the final calibration of the leverage ratio, the BCBS announced:

- Confirmation that the leverage ratio will have a minimum regulatory requirement of 3%, effective from 1 January 2018; and
- Changes in the definition of exposures related to derivatives and off balance sheet items, effective from 1 January 2022.

In November 2018, APRA released draft prudential reporting standards that are broadly in line with BCBS guidance including a minimum leverage ratio requirement of 3.5% for IRB banks. These changes are subject to consultation and are proposed to apply from 1 January 2022.

Summary Group Leverage Ratio (1)	31 Dec 18	30 Sep 18 (2)	30 Jun 18 (2)	31 Mar 18 (2)	31 Dec 17 (2)
Tier 1 Capital ($M)	**57,518**	56,055	56,365	53,674	54,363
Total Exposures ($M) (3)	**1,026,240**	1,024,774	1,018,555	1,032,049	1,012,401
Leverage Ratio (APRA) (%)	**5.6**	5. 5	5. 5	5. 2	5. 4
Leverage Ratio (Internationally Comparable) (%) (4)	**6.4**	6. 2	6. 3	5. 9	6. 1

(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".
(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.

5 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 6b to 6f – Basel III Capital Requirements (RWA)

	Risk Weighted Assets			Change in RWA for December 2018 half	
	31 Dec 18	30 Jun 18	31 Dec 17		
Asset Category	$M	$M	$M	$M	%
Credit Risk					
Subject to AIRB approach (1)					
Corporate	**68,915**	68,479	69,252	436	0. 6
SME corporate	**30,121**	32,772	33,521	(2,651)	(8. 1)
SME retail (2)	**5,400**	4,709	4,675	691	14. 7
SME retail secured by residential mortgage (2)	**3,415**	2,458	2,534	957	38. 9
Sovereign	**2,330**	2,509	2,186	(179)	(7. 1)
Bank	**9,741**	11,097	10,780	(1,356)	(12. 2)
Residential mortgage	**143,017**	139,203	136,047	3,814	2. 7
Qualifying revolving retail	**8,942**	9,592	8,524	(650)	(6. 8)
Other retail	**15,729**	15,750	15,413	(21)	(0. 1)
Total RWA subject to AIRB approach	**287,610**	286,569	282,932	1,041	0. 4
Specialised lending	**53,453**	55,893	56,183	(2,440)	(4. 4)
Subject to standardised approach (2)					
Corporate	**1,406**	1,246	1,250	160	12. 8
SME corporate	**1,034**	412	279	622	large
SME retail	**5,010**	5,856	5,701	(846)	(14. 4)
Sovereign	**222**	222	189	-	-
Bank	**53**	79	63	(26)	(32. 9)
Residential mortgage	**6,632**	5,627	5,404	1,005	17. 9
Other retail	**1,493**	1,593	2,717	(100)	(6. 3)
Other assets	**5,674**	5,241	5,323	433	8. 3
Total RWA subject to standardised approach	**21,524**	20,276	20,926	1,248	6. 2
Securitisation	**3,049**	2,890	1,622	159	5. 5
Credit valuation adjustment	**2,729**	2,882	4,498	(153)	(5. 3)
Central counterparties	**991**	1,018	824	(27)	(2. 7)
Total RWA for credit risk exposures	**369,356**	369,528	366,985	(172)	(0. 0)
Traded market risk	**5,263**	8,255	4,829	(2,992)	(36. 2)
Interest rate risk in the banking book	**13,872**	24,381	27,944	(10,509)	(43. 1)
Operational risk	**56,653**	56,448	41,078	205	0. 4
Total risk weighted assets	**445,144**	458,612	440,836	(13,468)	(2. 9)

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

(2) APRA granted approval for the Group to extend its AIRB accreditation to include Bankwest SME Retail portfolios. This is reflected in 31 December 2018 RWAs.

Risk Weighted Assets

Risk Weighted Assets

Total RWA decreased by $13.5 billion or 3% to $445.1 billion on the prior half, driven by lower IRRBB, Traded Market Risk and Credit Risk RWA, partly offset by higher Operational Risk RWA.

Credit Risk RWA

Credit Risk RWA decreased by $0.2 billion on the prior half, driven by:

- Decreased volumes due to a reduction in exposures across non retail and some consumer portfolios partly offset by growth in residential mortgages ($2.4 billion); and
- Improvement in credit quality across most portfolios ($1.8 billion); partly offset by
- Foreign currency movements ($2.8 billion);
- Implementation of the new IRB models across Australian residential mortgages partly offset by AIRB accreditation of the Bankwest SME retail portfolio and other regulatory changes ($0.9 billion); and
- Data and methodology changes ($0.3 billion).

Traded Market Risk RWA

Traded market risk RWA decreased by $3.0 billion or 36% on the prior half to $5.3 billion. This decrease was mainly due to the implementation of enhanced model measurement approach for some interest rate exposures.

Interest Rate Risk in the Banking Book (IRRBB) RWA

IRRBB RWA decreased by $10.5 billion or 43% on the prior half to $13.9 billion. This decrease was due to a structural reduction in the invested term of capital, restructured USD positions and increased embedded gains due to lower domestic and offshore interest rates.

Operational Risk RWA

Operational Risk RWA increased by $0.2 billion or 0.4% on the prior half to $56.7 billion (includes $12.5 billion APRA Prudential Inquiry add-on). This increase was due to the regular assessment of the Group's operational risk profile in the context of the evolving risk and regulatory environment, in accordance with the Operational Risk Management Framework and governance processes.

Explanation of change in Credit Risk RWA

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

	Credit Risk RWA movement drivers					
	Change in RWA for Dec 18 half	Volume changes	FX changes	Credit risk estimates changes and regulatory treatments	Data and methodology changes	Change in credit quality
Asset Category	$M	$M	$M	$M	$M	$M
AIRB corporate including SME and specialised lending	**(3,007)**	(2,842)	1,995	(437)	(99)	(1,624)
AIRB bank	**(1,356)**	(1,379)	98	224	(181)	(118)
AIRB sovereign	**(179)**	(247)	56	(32)	52	(8)
AIRB consumer retail	**3,143**	1,785	660	178	499	21
Standardised (including other assets, CCP and CVA)	**1,068**	206	40	934	16	(128)
Securitisation exposures	**159**	73	1	-	-	85
Total credit risk RWA movement	**(172)**	**(2,404)**	**2,850**	**867**	**287**	**(1,772)**

6 Credit Risk

6.1 Credit Risk Exposure – Excluding Equities and Securitisation

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

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

	31 December 2018						
		Off Balance Sheet					
Portfolio Type	On Balance Sheet $M	Non-market related $M	Market related $M	Total $M	Average exposure for December 2018 half [1] $M	Change in exposure for December 2018 half [2] $M	%
Subject to AIRB approach							
Corporate	73,335	44,040	7,526	**124,901**	124,925	(47)	-
SME corporate	42,768	8,382	245	**51,395**	52,363	(1,935)	(3. 6)
SME retail	7,669	3,572	-	**11,241**	10,716	1,050	10. 3
SME retail secured by residential mortgage	4,390	1,520	-	**5,910**	5,698	424	7. 7
Sovereign	87,303	1,324	2,180	**90,807**	88,431	4,752	5. 5
Bank	23,909	1,413	8,837	**34,159**	37,484	(6,649)	(16. 3)
Residential mortgage	496,270	71,084	-	**567,354**	563,188	8,328	1. 5
Qualifying revolving retail	10,533	17,766	-	**28,299**	28,676	(753)	(2. 6)
Other retail	8,152	3,108	-	**11,260**	11,339	(157)	(1. 4)
Total AIRB approach	754,329	152,209	18,788	**925,326**	922,820	5,013	0. 5
Specialised lending	51,743	8,597	601	**60,941**	61,886	(1,890)	(3. 0)
Subject to standardised approach							
Corporate	1,073	308	42	**1,423**	1,335	177	14. 2
SME corporate	756	278	-	**1,034**	723	622	large
SME retail	4,223	742	35	**5,000**	5,417	(834)	(14. 3)
Sovereign	491	-	-	**491**	492	(2)	(0. 4)
Bank	251	2	1	**254**	317	(125)	(33. 0)
Residential mortgage	12,453	2,068	-	**14,521**	13,853	1,333	10. 1
Other retail	1,388	104	-	**1,492**	1,542	(100)	(6. 3)
Other assets	11,378	-	-	**11,378**	10,140	2,476	27. 8
Central counterparties	-	-	7,267	**7,267**	7,232	71	1. 0
Total standardised approach	32,013	3,502	7,345	**42,860**	41,051	3,618	9. 2
Total credit exposures [3]	838,085	164,308	26,734	**1,029,127**	1,025,757	6,741	0. 7

(1) The simple average of balances as at 31 December 2018 and 30 June 2018.
(2) The difference between exposures as at 31 December 2018 and 30 June 2018.
(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 prior half are as follows:

Asset Category	Total exposure change $M	Regulatory Exposure Driver
AIRB corporate (including SME) and specialised lending	**(2,398)**	Reflects reduction in exposure across corporate portfolios partly offset by AIRB accreditation of Bankwest SME retail portfolio and FX movements.
AIRB sovereign	**4,752**	Reflects increase in liquid assets and FX movements partly offset by some changes in the treatment of derivatives.
AIRB bank	**(6,649)**	Reflects a reduction in liquid assets and some changes in the treatment of derivatives partly offset by FX movements.
AIRB consumer retail	**7,418**	Volume growth in Australian residential mortgages and FX movements partly offset by reductions in credit card and personal loan volumes.
Total advanced and specialised lending	**3,123**	
Standardised including other assets and central counterparties	**3,618**	Primarily reflects increased holdings in cash, gold bullion and settlement accounts, partly offset by the AIRB accreditation of Bankwest SME retail portfolio and reductions in offshore exposures.
Total excluding securitisation and equity exposures	**6,741**	

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

	30 June 2018						
		Off Balance Sheet					
Portfolio Type	On Balance Sheet $M	Non-market related $M	Market related $M	Total $M	Average exposure for June 2018 half [1] $M	Change in exposure for June 2018 half [2] $M	%
Subject to AIRB approach							
Corporate	72,930	43,771	8,247	124,948	125,379	(862)	(0. 7)
SME corporate	44,508	8,511	311	53,330	54,908	(3,156)	(5. 6)
SME retail	7,076	3,115	-	10,191	10,179	24	0. 2
SME retail secured by residential mortgage	4,132	1,354	-	5,486	5,562	(152)	(2. 7)
Sovereign	82,484	1,334	2,237	86,055	87,805	(3,501)	(3. 9)
Bank	31,034	687	9,087	40,808	39,687	2,243	5. 8
Residential mortgage	487,335	71,691	-	559,026	555,285	7,481	1. 4
Qualifying revolving retail	10,828	18,224	-	29,052	27,903	2,299	8. 6
Other retail	8,314	3,103	-	11,417	11,376	83	0. 7
Total AIRB approach	748,641	151,790	19,882	920,313	918,084	4,459	0. 5
Specialised lending	52,517	9,767	547	62,831	63,519	(1,377)	(2. 1)
Subject to standardised approach							
Corporate	1,030	216	-	1,246	1,266	(39)	(3. 0)
SME corporate	199	212	1	412	345	134	48. 2
SME retail	4,808	969	57	5,834	5,761	146	2. 6
Sovereign	484	9	-	493	447	93	23. 3
Bank	238	1	140	379	302	153	67. 7
Residential mortgage	11,429	1,759	-	13,188	12,901	574	4. 6
Other retail	1,481	111	-	1,592	2,149	(1,115)	(41. 2)
Other assets	8,902	-	-	8,902	10,091	(2,378)	(21. 1)
Central counterparties	-	-	7,196	7,196	6,370	1,653	29. 8
Total standardised approach	28,571	3,277	7,394	39,242	39,632	(779)	(1. 9)
Total credit exposures [3]	829,729	164,834	27,823	1,022,386	1,021,235	2,303	0. 2

(1) The simple average of balances as at 30 June 2018 and 31 December 2017.
(2) The difference between exposures as at 30 June 2018 and 31 December 2017.
(3) Total credit risk exposures (calculated as EAD) do not include equities or securitisation exposures.

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

Portfolio Type	31 December 2017				Average exposure for December 2017 half [1]	Change in exposure for December 2017 half [2]	
		Off Balance Sheet					
	On Balance Sheet	Non-market related	Market related	Total			
	$M	$M	$M	$M	$M	$M	%
Subject to AIRB approach							
Corporate	72,772	46,163	6,875	125,810	128,176	(4,732)	(3. 6)
SME corporate	46,337	9,551	598	56,486	55,719	1,534	2. 8
SME retail	6,992	3,175	-	10,167	10,228	(122)	(1. 2)
SME retail secured by residential mortgage	4,188	1,450	-	5,638	5,746	(216)	(3. 7)
Sovereign	86,734	1,245	1,577	89,556	90,984	(2,856)	(3. 1)
Bank	28,996	1,456	8,113	38,565	40,824	(4,519)	(10. 5)
Residential mortgage	478,121	73,424	-	551,545	548,956	5,178	0. 9
Qualifying revolving retail	9,887	16,866	-	26,753	26,935	(363)	(1. 3)
Other retail	8,260	3,074	-	11,334	11,180	309	2. 8
Total AIRB approach	742,287	156,404	17,163	915,854	918,748	(5,787)	(0. 6)
Specialised lending	52,955	10,574	679	64,208	65,626	(2,837)	(4. 2)
Subject to standardised approach							
Corporate	918	365	2	1,285	1,476	(382)	(22. 9)
SME corporate	196	80	2	278	394	(232)	(45. 5)
SME retail	4,687	951	50	5,688	5,924	(471)	(7. 6)
Sovereign	400	-	-	400	463	(125)	(23. 8)
Bank	225	1	-	226	337	(222)	(49. 6)
Residential mortgage	10,865	1,749	-	12,614	12,134	960	8. 2
Other retail	2,618	89	-	2,707	2,814	(214)	(7. 3)
Other assets	11,280	-	-	11,280	10,387	1,786	18. 8
Central counterparties	-	-	5,543	5,543	5,614	(143)	(2. 5)
Total standardised approach	31,189	3,235	5,597	40,021	39,543	957	2. 4
Total credit exposures [3]	826,431	170,213	23,439	1,020,083	1,023,917	(7,667)	(0. 7)

(1) The simple average of balances as at 31 December 2017 and 30 June 2017.
(2) The difference between exposures as at 31 December 2017 and 30 June 2017.
(3) Total credit risk exposures (calculated as EAD) do not include equities or securitisation exposures.

Credit Risk

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

Portfolio Type	As at 31 Dec 18 $M	Half year average [1] $M
Corporate	**126,324**	126,260
SME corporate	**52,429**	53,086
SME retail	**16,241**	16,133
SME retail secured by residential mortgage	**5,910**	5,698
Sovereign	**91,298**	88,923
Bank	**34,413**	37,801
Residential mortgage	**581,875**	577,041
Qualifying revolving retail	**28,299**	28,676
Other retail	**12,752**	12,881
Specialised lending	**60,941**	61,886
Other assets	**11,378**	10,140
Central counterparties	**7,267**	7,232
Total credit exposures [2]	**1,029,127**	1,025,757

Portfolio Type	As at 30 Jun 18 $M	Half year average [1] $M
Corporate	126,194	126,645
SME corporate	53,742	55,253
SME retail	16,025	15,940
SME retail secured by residential mortgage	5,486	5,562
Sovereign	86,548	88,252
Bank	41,187	39,989
Residential mortgage	572,214	568,186
Qualifying revolving retail	29,052	27,903
Other retail	13,009	13,525
Specialised lending	62,831	63,519
Other assets	8,902	10,091
Central counterparties	7,196	6,370
Total credit exposures [2]	1,022,386	1,021,235

Portfolio Type	As at 31 Dec 17 $M	Half year average [1] $M
Corporate	127,095	129,652
SME corporate	56,764	56,113
SME retail	15,855	16,152
SME retail secured by residential mortgage	5,638	5,746
Sovereign	89,956	91,447
Bank	38,791	41,161
Residential mortgage	564,159	561,090
Qualifying revolving retail	26,753	26,935
Other retail	14,041	13,994
Specialised lending	64,208	65,626
Other assets	11,280	10,387
Central counterparties	5,543	5,614
Total credit exposures [2]	1,020,083	1,023,917

(1) The simple average of the closing balances of each half year.
(2) Total credit risk exposures do not include equities or securitisation exposures.

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

	31 December 2018 (1)			
Portfolio Type	Australia $M	New Zealand $M	Other $M	Total $M
Corporate	72,021	11,363	42,940	**126,324**
SME corporate	36,769	15,045	615	**52,429**
SME retail (2)	18,356	3,132	663	**22,151**
Sovereign	51,697	4,038	35,563	**91,298**
Bank	15,198	1,752	17,463	**34,413**
Residential mortgage	520,770	60,674	431	**581,875**
Qualifying revolving retail	28,299	-	-	**28,299**
Other retail	9,525	2,951	276	**12,752**
Specialised lending	49,097	7,569	4,275	**60,941**
Other assets	9,471	725	1,182	**11,378**
Central counterparties	1,041	-	6,226	**7,267**
Total credit exposures (3)	812,244	107,249	109,634	**1,029,127**

	30 June 2018 (1)			
Portfolio Type	Australia $M	New Zealand $M	Other $M	Total $M
Corporate	70,649	9,772	45,773	126,194
SME corporate	37,687	15,439	616	53,742
SME retail (2)	17,870	3,007	634	21,511
Sovereign	48,486	4,429	33,633	86,548
Bank	19,792	2,146	19,249	41,187
Residential mortgage	514,576	57,145	493	572,214
Qualifying revolving retail	29,052	-	-	29,052
Other retail	9,860	2,824	325	13,009
Specialised lending	50,963	7,252	4,616	62,831
Other assets	6,945	540	1,417	8,902
Central counterparties	1,073	-	6,123	7,196
Total credit exposures (3)	806,953	102,554	112,879	1,022,386

	31 December 2017 (1)			
Portfolio Type	Australia $M	New Zealand $M	Other $M	Total $M
Corporate	72,785	10,162	44,148	127,095
SME corporate	39,668	15,146	1,950	56,764
SME retail (2)	18,022	2,895	576	21,493
Sovereign	49,625	5,106	35,225	89,956
Bank	17,959	1,907	18,925	38,791
Residential mortgage	508,476	55,226	457	564,159
Qualifying revolving retail	26,753	-	-	26,753
Other retail	10,927	2,765	349	14,041
Specialised lending	53,215	6,692	4,301	64,208
Other assets	9,723	430	1,127	11,280
Central counterparties	536	-	5,007	5,543
Total credit exposures (3)	807,689	100,329	112,065	1,020,083

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

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

	31 December 2018							
	Industry Sector							
Portfolio Type	Residential mortgage $M	Other personal $M	Asset finance $M	Sovereign $M	Bank $M	Other finance $M	Agriculture $M	Mining $M
Corporate	-	-	3,222	-	-	27,023	3,054	9,701
SME corporate	-	-	2,445	-	-	1,252	17,180	249
SME retail (1)	-	-	3,628	-	-	385	1,845	75
Sovereign	-	-	-	91,298	-	-	-	-
Bank	-	-	-	-	34,413	-	-	-
Residential mortgage	581,875	-	-	-	-	-	-	-
Qualifying revolving retail	-	28,299	-	-	-	-	-	-
Other retail	-	12,488	264	-	-	-	-	-
Specialised lending	-	-	19	-	-	1	84	2,023
Other assets	-	2,793	-	-	-	-	-	-
Central counterparties	-	-	-	-	-	7,267	-	-
Total credit exposures (2)	581,875	43,580	9,578	91,298	34,413	35,928	22,163	12,048

	Industry Sector							
Portfolio Type	Manufacturing $M	Energy $M	Construction $M	Retail/ wholesale trade $M	Transport and storage $M	Property (3) $M	Other $M	Total $M
Corporate	10,746	5,864	3,045	11,813	16,571	10,244	25,041	**126,324**
SME corporate	3,235	179	2,832	7,531	1,631	830	15,065	**52,429**
SME retail (1)	974	24	1,697	2,888	522	2,446	7,667	**22,151**
Sovereign	-	-	-	-	-	-	-	**91,298**
Bank	-	-	-	-	-	-	-	**34,413**
Residential mortgage	-	-	-	-	-	-	-	**581,875**
Qualifying revolving retail	-	-	-	-	-	-	-	**28,299**
Other retail	-	-	-	-	-	-	-	**12,752**
Specialised lending	64	2,023	1	188	2,419	51,835	2,284	**60,941**
Other assets	-	-	-	-	-	-	8,585	**11,378**
Central counterparties	-	-	-	-	-	-	-	**7,267**
Total credit exposures (2)	15,019	8,090	7,575	22,420	21,143	65,355	58,642	**1,029,127**

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

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

	30 June 2018							
	Industry Sector							
Portfolio Type	Residential mortgage $M	Other personal $M	Asset finance $M	Sovereign $M	Bank $M	Other finance $M	Agriculture $M	Mining $M
Corporate	-	-	3,125	-	-	28,155	2,456	10,396
SME corporate	-	-	2,862	-	-	1,699	17,351	212
SME retail [1]	-	-	3,743	-	-	389	1,768	66
Sovereign	-	-	-	86,548	-	-	-	-
Bank	-	-	-	-	41,187	-	-	-
Residential mortgage	572,214	-	-	-	-	-	-	-
Qualifying revolving retail	-	29,052	-	-	-	-	-	-
Other retail	-	12,688	321	-	-	-	-	-
Specialised lending	-	-	21	-	-	3	79	1,748
Other assets	-	2,832	-	-	-	-	-	-
Central counterparties	-	-	-	-	-	7,196	-	-
Total credit exposures [2]	572,214	44,572	10,072	86,548	41,187	37,442	21,654	12,422

	Industry Sector							
Portfolio Type	Manufacturing $M	Energy $M	Construction $M	Retail/ wholesale trade $M	Transport and storage $M	Property [3] $M	Other $M	Total $M
Corporate	10,708	7,408	2,815	11,952	15,832	8,362	24,985	126,194
SME corporate	3,101	153	2,849	7,392	1,711	577	15,835	53,742
SME retail [1]	884	23	1,561	2,709	490	2,305	7,573	21,511
Sovereign	-	-	-	-	-	-	-	86,548
Bank	-	-	-	-	-	-	-	41,187
Residential mortgage	-	-	-	-	-	-	-	572,214
Qualifying revolving retail	-	-	-	-	-	-	-	29,052
Other retail	-	-	-	-	-	-	-	13,009
Specialised lending	64	2,209	70	132	2,152	53,899	2,454	62,831
Other assets	-	-	-	-	-	-	6,070	8,902
Central counterparties	-	-	-	-	-	-	-	7,196
Total credit exposures [2]	14,757	9,793	7,295	22,185	20,185	65,143	56,917	1,022,386

(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) Property includes REITs and excludes Business Services.

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

	31 December 2017							
	Industry Sector							
Portfolio Type	Residential mortgage $M	Other personal $M	Asset finance $M	Sovereign $M	Bank $M	Other finance $M	Agriculture $M	Mining $M
Corporate	-	-	3,032	-	-	27,220	2,362	9,844
SME corporate	-	-	2,830	-	-	3,232	17,048	232
SME retail [(1)]	-	-	3,770	-	-	381	1,777	57
Sovereign	-	-	-	89,956	-	-	-	-
Bank	-	-	-	-	38,791	-	-	-
Residential mortgage	564,159	-	-	-	-	-	-	-
Qualifying revolving retail	-	26,753	-	-	-	-	-	-
Other retail	-	13,694	347	-	-	-	-	-
Specialised lending	-	-	17	-	-	76	76	1,982
Other assets	-	2,782	-	-	-	-	-	-
Central counterparties	-	-	-	-	-	5,543	-	-
Total credit exposures [(2)]	564,159	43,229	9,996	89,956	38,791	36,452	21,263	12,115

	Industry Sector							
Portfolio Type	Manufacturing $M	Energy $M	Construction $M	Retail/ wholesale trade $M	Transport and storage $M	Property [(3)] $M	Other $M	Total $M
Corporate	10,969	7,832	2,838	12,820	16,615	8,085	25,478	127,095
SME corporate	3,091	371	2,883	7,428	1,959	684	17,006	56,764
SME retail [(1)]	825	22	1,461	2,492	472	1,986	8,250	21,493
Sovereign	-	-	-	-	-	-	-	89,956
Bank	-	-	-	-	-	-	-	38,791
Residential mortgage	-	-	-	-	-	-	-	564,159
Qualifying revolving retail	-	-	-	-	-	-	-	26,753
Other retail	-	-	-	-	-	-	-	14,041
Specialised lending	16	2,147	70	270	2,445	54,863	2,246	64,208
Other assets	-	-	-	-	-	-	8,498	11,280
Central counterparties	-	-	-	-	-	-	-	5,543
Total credit exposures [(2)]	14,901	10,372	7,252	23,010	21,491	65,618	61,478	1,020,083

(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) Property includes REITs and excludes Business Services.

APS 330 Table 7e – Credit risk exposure by portfolio type and residual contractual maturity

Portfolio Type	31 December 2018				
	≤ 12mths $M	1 ≤ 5yrs $M	> 5 years $M	No specified maturity $M	Total $M
Corporate	25,778	90,941	9,605	-	**126,324**
SME corporate	12,081	36,294	4,054	-	**52,429**
SME retail [1]	4,595	13,473	4,083	-	**22,151**
Sovereign	25,592	41,990	23,716	-	**91,298**
Bank	17,599	16,784	30	-	**34,413**
Residential mortgage	13,975	40,465	481,139	46,296	**581,875**
Qualifying revolving retail	-	-	-	28,299	**28,299**
Other retail	172	5,428	2,864	4,288	**12,752**
Specialised lending	12,756	43,650	4,535	-	**60,941**
Other assets	2,793	533	179	7,873	**11,378**
Central counterparties	750	6,517	-	-	**7,267**
Total credit exposures [2]	116,091	296,075	530,205	86,756	**1,029,127**

Portfolio Type	30 June 2018				
	≤ 12mths $M	1 ≤ 5yrs $M	> 5 years $M	No specified maturity $M	Total $M
Corporate	23,514	92,324	10,127	229	126,194
SME corporate	12,170	36,788	4,784	-	53,742
SME retail [1]	4,491	13,095	3,925	-	21,511
Sovereign	29,518	32,438	24,592	-	86,548
Bank	20,831	20,235	121	-	41,187
Residential mortgage	16,365	38,587	467,716	49,546	572,214
Qualifying revolving retail	-	-	-	29,052	29,052
Other retail	165	5,730	2,909	4,205	13,009
Specialised lending	13,409	45,618	3,804	-	62,831
Other assets	3,199	503	-	5,200	8,902
Central counterparties	732	6,464	-	-	7,196
Total credit exposures [2]	124,394	291,782	517,978	88,232	1,022,386

Portfolio Type	31 December 2017				
	≤ 12mths $M	1 ≤ 5yrs $M	> 5 years $M	No specified maturity $M	Total $M
Corporate	22,579	96,551	7,600	365	127,095
SME corporate	12,172	39,000	5,592	-	56,764
SME retail [1]	4,467	13,008	4,018	-	21,493
Sovereign	26,018	39,677	24,261	-	89,956
Bank	18,061	20,622	108	-	38,791
Residential mortgage	16,228	38,248	460,666	49,017	564,159
Qualifying revolving retail	-	-	-	26,753	26,753
Other retail	163	5,764	3,098	5,016	14,041
Specialised lending	14,427	47,040	2,741	-	64,208
Other assets	2,872	469	340	7,599	11,280
Central counterparties	736	4,807	-	-	5,543
Total credit exposures [2]	117,723	305,186	508,424	88,750	1,020,083

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

6.2 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 retail products that are in default. On 1 July 2018, the Group adopted AASB 9 resulting in a $1.06 billion increase to collective provisions. The increase is due to the introduction of forward looking economic factors and holding lifetime expected credit losses on stage 2 loans as prescribed under the standard.

Reconciliation of Australian Accounting Standards, APS 220 based credit provisions and APS 330 Table 7j – General reserve for credit losses

	31 December 2018		
	General reserve for credit losses [1] $M	Specific provision [1] $M	Total provisions $M
Collective provision [2]	3,453	361	**3,814**
Individual provisions [2]	-	920	**920**
Total provisions	3,453	1,281	**4,734**
Additional GRCL requirement [3]	539	-	**539**
Total regulatory provisions	3,992	1,281	**5,273**

(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 $539 million in order to maintain the required minimum GRCL.

	30 June 2018		
	General reserve for credit losses [1] $M	Specific provision [1] $M	Total provisions $M
Collective provision [2]	2,484	279	2,763
Individual provisions [2]	-	870	870
Total provisions	2,484	1,149	3,633
Additional GRCL requirement [3]	589	-	589
Total regulatory provisions	3,073	1,149	4,222

(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.

	31 December 2017		
	General reserve for credit losses [1] $M	Specific provision [1] $M	Total provisions $M
Collective provision [2]	2,525	247	2,772
Individual provisions [2]	-	978	978
Total provisions	2,525	1,225	3,750
Additional GRCL requirement [3]	554	-	554
Total regulatory provisions	3,079	1,225	4,304

(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 $554 million in order to maintain the required minimum GRCL.

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

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

	31 December 2018				
Industry Sector	**Impaired assets $M**	**Past due loans ≥ 90 days $M**	**Specific provision balance (1) $M**	**Net half year charges for individual provisions $M**	**Half year actual losses (2) $M**
Home loans	1,547	2,689	345	56	60
Other personal	284	26	256	3	318
Asset finance	65	5	13	7	9
Sovereign	-	-	-	-	-
Bank	9	-	9	-	-
Other finance	10	5	7	-	4
Agriculture	527	57	161	73	6
Mining	272	3	21	(5)	(1)
Manufacturing	140	22	61	18	2
Energy	-	-	-	-	-
Construction	210	28	73	93	42
Wholesale/retail trade	61	106	43	7	7
Transport and storage	138	15	65	8	30
Property	78	99	63	(9)	7
Other	219	160	164	14	93
Total	3,560	3,215	1,281	265	577

(1) Specific provision balance includes certain Australian Accounting Standards collective provisions on some defaulted loans.
(2) Actual losses equal write-offs from individual provisions, write-offs direct from collective provisions less recoveries of amounts previously written off, for the half year ended 31 December 2018.

	30 June 2018				
Industry Sector	**Impaired assets $M**	**Past due loans ≥ 90 days $M**	**Specific provision balance (1) $M**	**Net half year charges for individual provisions $M**	**Half year actual losses (2) $M**
Home loans	1,357	2,773	343	58	70
Other personal	302	23	180	1	333
Asset finance	67	4	19	12	11
Sovereign	-	-	-	-	-
Bank	9	-	9	-	-
Other finance	9	4	7	(3)	2
Agriculture	463	40	81	(1)	23
Mining	304	4	29	(14)	29
Manufacturing	60	35	46	(2)	14
Energy	1	-	-	(3)	-
Construction	37	22	22	12	3
Wholesale/retail trade	66	84	40	(2)	28
Transport and storage	171	13	72	30	(13)
Property	83	59	76	6	8
Other	250	155	225	58	146
Total	3,179	3,216	1,149	152	654

(1) Specific provision balance includes certain Australian Accounting Standards collective provisions on some defaulted loans.
(2) Actual losses equal write-offs from individual provisions, write-offs direct from collective provisions less recoveries of amounts previously written off, for the half year ended 30 June 2018.

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

	31 December 2017				
Industry Sector	Impaired assets $M	Past due loans ≥ 90 days $M	Specific provision balance [1] $M	Net half year charges for individual provisions $M	Half year actual losses [2] $M
Home loans	1,243	2,249	344	45	55
Other personal	268	23	154	1	321
Asset finance	71	2	20	9	7
Sovereign	-	-	-	-	-
Bank	9	-	9	-	-
Other finance	21	1	14	1	5
Agriculture	510	53	86	14	8
Mining	379	13	51	(17)	3
Manufacturing	74	37	61	(25)	72
Energy	6	-	3	-	-
Construction	32	19	14	(1)	10
Wholesale/retail trade	96	65	58	(2)	28
Transport and storage	129	10	48	2	10
Property	90	74	69	(1)	16
Other	439	114	294	185	29
Total	3,367	2,660	1,225	211	564

(1) Specific provision balance includes certain Australian Accounting Standards collective provisions on some defaulted loans.
(2) Actual losses equal write-offs from individual provisions, write-offs direct from collective provisions less recoveries of amounts previously written off, for the half year ended 31 December 2017.

Factors impacting the loss experience

The overall quality of the portfolio was stable during the half year ended 31 December 2018. Gross impaired assets as a proportion of gross loans and acceptances (GLAA) increased by 5 basis points to 0.47%. Total provisions as a proportion of GLAA increased 13 basis points to 0.62%, mainly driven by the adoption of AASB 9 on 1 July 2018. Group actual losses reduced by $77 million on the prior half led by an overall reduction in both consumer and commercial portfolio losses.

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

	31 December 2018				
Portfolio	Impaired assets $M	Past due loans ≥ 90 days $M	Specific provision balance (1) $M	Net half year charges for individual provisions $M	Half year actual losses (2) $M
Corporate including SME, specialised lending and central counterparties	1,720	500	671	206	199
Sovereign	-	-	-	-	-
Bank	9	-	9	-	-
Residential mortgage	1,547	2,689	345	56	60
Qualifying revolving retail	137	-	116	-	140
Other retail	147	26	140	3	178
Total	3,560	3,215	1,281	265	577

(1) Specific provision balance includes certain Australian Accounting Standards collective provisions on some defaulted loans.
(2) Actual losses equal write-offs from individual provisions, write-offs direct from collective provisions less recoveries of amounts previously written off, for the half year ended 31 December 2018.

	30 June 2018				
Portfolio	Impaired assets $M	Past due loans ≥ 90 days $M	Specific provision balance (1) $M	Net half year charges for individual provisions $M	Half year actual losses (2) $M
Corporate including SME, specialised lending and central counterparties	1,511	420	617	93	251
Sovereign	-	-	-	-	-
Bank	9	-	9	-	-
Residential mortgage	1,357	2,773	343	58	70
Qualifying revolving retail	149	-	67	-	159
Other retail	153	23	113	1	174
Total	3,179	3,216	1,149	152	654

(1) Specific provision balance includes certain Australian Accounting Standards collective provisions on some defaulted loans.
(2) Actual losses equal write-offs from individual provisions, write-offs direct from collective provisions less recoveries of amounts previously written off, for the half year ended 30 June 2018.

	31 December 2017				
Portfolio	Impaired assets $M	Past due loans ≥ 90 days $M	Specific provision balance (1) $M	Net half year charges for individual provisions $M	Half year actual losses (2) $M
Corporate including SME, specialised lending and central counterparties	1,847	388	718	165	188
Sovereign	-	-	-	-	-
Bank	9	-	9	-	-
Residential mortgage	1,243	2,249	344	45	55
Qualifying revolving retail	116	-	55	-	124
Other retail	152	23	99	1	197
Total	3,367	2,660	1,225	211	564

(1) Specific provision balance includes certain Australian Accounting Standards collective provisions on some defaulted loans.
(2) Actual losses equal write-offs from individual provisions, write-offs direct from collective provisions less recoveries of amounts previously written off, for the half year ended 31 December 2017.

Credit Risk

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

	31 December 2018		
	Impaired assets	Past due loans ≥ 90 days	Specific provision balance
Geographic Region (1)	$M	$M	$M
Australia	2,688	3,088	1,107
New Zealand	463	86	77
Other	409	41	97
Total	3,560	3,215	1,281

	30 June 2018		
	Impaired assets	Past due loans ≥ 90 days	Specific provision balance
Geographic Region (1)	$M	$M	$M
Australia	2,229	3,085	947
New Zealand	487	100	61
Other	463	31	141
Total	3,179	3,216	1,149

	31 December 2017		
	Impaired assets	Past due loans ≥ 90 days	Specific provision balance
Geographic Region (1)	$M	$M	$M
Australia	2,175	2,535	903
New Zealand	540	83	66
Other	652	42	256
Total	3,367	2,660	1,225

(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.

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

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

	31 Dec 18	30 Jun 18	31 Dec 17
Geographic Region	$M	$M	$M
Australia	**3,428**	2,689	2,709
New Zealand	**300**	225	215
Other	**264**	159	155
Total GRCL	**3,992**	3,073	3,079

APS 330 Table 7h (i) – Movement in collective provisions and general reserve for credit losses

	Half Year Ended		
	31 Dec 18	30 Jun 18	31 Dec 17
Movement in Collective Provisions	$M	$M	$M
Opening balance	**2,763**	2,772	2,747
Change on adoption of AASB 9 (1)	**1,055**	-	-
Net charge against profit and loss	**312**	331	385
Recoveries	**104**	97	104
Other	**18**	1	(31)
Write-offs	**(438)**	(438)	(433)
Total collective provisions	**3,814**	2,763	2,772
Less collective provisions transferred to specific provisions	**(361)**	(279)	(247)
Additional GRCL requirement (2)	**539**	589	554
General reserve for credit losses	**3,992**	3,073	3,079

(1) On 1 July 2018, the Group adopted AASB 9 resulting in a $1.06 billion increase to collective provisions. The increase is due to the introduction of forward looking economic factors and holding lifetime expected credit losses on stage 2 loans as prescribed under the standard.

(2) The Group has recognised these amounts as a deduction from CET1 in order to maintain the required minimum GRCL.

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

	Half Year Ended		
	31 Dec 18	30 Jun 18	31 Dec 17
Movement in Individual Provisions	$M	$M	$M
Opening balance for the period	**870**	978	980
Net new and increased provisioning	**348**	255	370
Net write back of provisions no longer required	**(83)**	(103)	(159)
Discount unwind to interest income	**(10)**	(11)	(14)
Other	**39**	64	36
Write-offs	**(244)**	(313)	(235)
Total individual provisions	**920**	870	978
Add collective provisions transferred to specific provisions	**361**	279	247
Specific provisions	**1,281**	1,149	1,225

6.3 Portfolios Subject to Standardised and Supervisory Risk-Weights

Portfolios that use the Standardised approach include:

Commonwealth Bank of Australia:

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

Bankwest portfolio:

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

ASB Bank Limited:

- Personal loans and Retail SME.

All exposures in the following entities:

- CommBank Europe Ltd; and
- PT Bank Commonwealth (Indonesia).

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

	Exposure After Credit Risk Mitigation (1)		
	31 Dec 18	30 Jun 18	31 Dec 17
Standardised Approach Exposures	$M	$M	$M
Risk Weight			
0%	**3,308**	1,679	4,026
20%	**3,341**	2,947	2,677
35%	**9,417**	8,889	8,400
50%	**3,506**	3,510	3,567
75%	**899**	880	796
100%	**15,099**	14,104	14,964
150%	**23**	37	45
> 150%	**-**	-	3
Capital deductions	**-**	-	-
Total	**35,593**	32,046	34,478

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

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

Other Assets [1]	31 December 2018 Exposure $M	Risk weight %	RWA $M
Cash	3,308	-	-
Cash items in course of collection	573	20	115
Margin lending [2]	2,793	31	855
Fixed and forward purchase assets	1,431	100	1,431
Other	3,273	≥100	3,273
Total	11,378	50	5,674

Other Assets [1]	30 June 2018 Exposure $M	Risk weight %	RWA $M
Cash	1,680	-	-
Cash items in course of collection	51	20	10
Margin lending [2]	2,832	31	891
Fixed and forward purchase assets	1,462	100	1,462
Other	2,877	≥100	2,878
Total	8,902	59	5,241

Other Assets [1]	31 December 2017 Exposure $M	Risk weight %	RWA $M
Cash	4,025	-	-
Cash items in course of collection	114	20	23
Margin lending [2]	2,782	32	904
Fixed and forward purchase assets	1,525	100	1,525
Other	2,834	≥100	2,871
Total	11,280	47	5,323

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

Specialised Lending Exposures Subject to Supervisory Slotting [1]	31 Dec 18 $M	30 Jun 18 $M	31 Dec 17 $M
Risk Weight			
0%	**342**	196	372
70%	**17,042**	17,722	17,389
90%	**37,944**	39,356	41,049
115%	**4,932**	4,315	4,762
250%	**681**	1,242	636
Total exposures	**60,941**	62,831	64,208

(1) APRA requires certain specialised lending exposures including Income Producing Real Estate, Object and Project Finance to be assigned specific risk weights according to “slotting” criteria defined by the Regulator.

6.4 Portfolios Subject to Internal Ratings Based Approaches

The Group's mapping of internal rating scales for risk-rated exposures to external rating agencies is detailed in APS 330 Table 9b.

APS 330 Table 9b – Internal ratings structure for credit risk exposures and mapping to external ratings (1)

Description	Internal Rating	Probability of Default	S&P Rating	Moody's Rating
Exceptional	A0 to A3	0% - 0.040%	AAA to AA-	Aaa to Aa3
Strong	B1 to C3	>0.040% - 0.447%	A+ to BBB-	A1 to Baa3
Pass	D1 to E3	>0.447% - 6.656%	BB+ to B-	Ba1 to B3
Weak/doubtful	F1 to G3	>6.656%	CCC to C	Caa to Ca
Restructured	R	30.998%	-	-
Defaulted	H	100%	D	C

(1) The probability of default ranges in Table 9b have been updated to reflect the change to the Group's PD Masterscale in November 2018.

APS 330 Table 9c – PD rating methodology by portfolio segment

Portfolio Segment	PD Rating Methodology
Bank and sovereign exposures	Expert judgement assigned risk rating, informed but not driven by rating agency views.
Large corporate exposures	Combination of Expert Judgement and PD Rating Tool assigned risk ratings depending on the industry sector.
SME Corporate exposures	PD Rating Tools 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 of these.

Credit Risk Exposure Subject to the Advanced IRB Approach

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

	31 December 2018							
	PD Band							
	0 < 0.03%	0.03% < 0.15%	0.15% < 0.5%	0.5% < 3%	3% < 10%	10% < 100%	Default	Total
Non Retail [1]	$M	$M	$M	$M	$M	$M	$M	$M
Total credit risk exposures								
Corporate	-	45,399	46,032	31,472	589	656	753	**124,901**
SME corporate	-	504	3,466	42,152	2,496	1,748	1,029	**51,395**
SME retail [2]	-	-	1,143	12,554	2,872	412	170	**17,151**
Sovereign	82,881	7,679	234	13	-	-	-	**90,807**
Bank	-	31,371	2,606	58	-	-	124	**34,159**
Total	82,881	84,953	53,481	86,249	5,957	2,816	2,076	**318,413**
Undrawn commitments [3]								
Corporate	-	16,597	17,560	9,347	184	211	141	**44,040**
SME corporate	-	105	809	7,052	221	130	65	**8,382**
SME retail [2]	-	-	1,002	3,645	378	59	8	**5,092**
Sovereign	1,108	176	34	6	-	-	-	**1,324**
Bank	-	1,085	326	2	-	-	-	**1,413**
Total	1,108	17,963	19,731	20,052	783	400	214	**60,251**
Exposure - weighted average EAD ($M)								
Corporate	-	3. 182	1. 589	0. 750	0. 648	0. 843	1. 476	**1. 948**
SME corporate	-	0. 984	0. 222	0. 235	0. 249	0. 251	0. 274	**0. 244**
SME retail [2]	-	-	0. 031	0. 048	0. 053	0. 049	0. 081	**0. 048**
Sovereign	7. 490	8. 429	0. 384	0. 017	-	-	-	**7. 550**
Bank	-	9. 968	6. 858	0. 575	-	-	41. 245	**9. 828**
Exposure - weighted average LGD (%)								
Corporate	-	55. 0	48. 6	42. 1	41. 8	53. 2	53. 2	**49. 3**
SME corporate	-	56. 3	29. 1	29. 1	30. 4	32. 5	34. 5	**29. 7**
SME retail [2]	-	-	39. 0	31. 2	33. 7	31. 4	35. 5	**32. 2**
Sovereign	5. 6	59. 3	44. 4	43. 2	-	-	-	**10. 3**
Bank	-	59. 4	59. 4	58. 0	-	-	60. 0	**59. 4**
Exposure - weighted average risk weight (%) [4]								
Corporate	-	30. 2	56. 5	80. 6	147. 3	288. 2	140. 5	**55. 2**
SME corporate	-	30. 2	29. 6	51. 6	85. 1	148. 9	239. 2	**58. 6**
SME retail [2]	-	-	23. 0	42. 3	76. 2	108. 8	355. 0	**51. 4**
Sovereign	1. 5	12. 9	35. 2	86. 1	-	-	-	**2. 5**
Bank	-	26. 2	56. 2	79. 1	-	-	-	**28. 5**

(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.

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

	30 June 2018							
	PD Band							
	0 < 0.03%	0.03% < 0.15%	0.15% < 0.5%	0.5% < 3%	3% < 10%	10% < 100%	Default	Total
Non Retail (1)	$M	$M	$M	$M	$M	$M	$M	$M
Total credit risk exposures								
Corporate	-	44,913	48,002	30,182	585	673	593	124,948
SME corporate	-	493	3,798	43,888	2,405	1,569	1,177	53,330
SME retail (2)	-	-	3,240	9,202	2,883	228	124	15,677
Sovereign	78,043	7,488	234	290	-	-	-	86,055
Bank	-	38,214	2,375	95	-	-	124	40,808
Total	78,043	91,108	57,649	83,657	5,873	2,470	2,018	320,818
Undrawn commitments (3)								
Corporate	-	16,232	18,085	9,031	150	203	70	43,771
SME corporate	-	80	886	7,148	199	127	71	8,511
SME retail (2)	-	-	1,565	2,475	408	17	4	4,469
Sovereign	997	239	41	57	-	-	-	1,334
Bank	-	554	126	7	-	-	-	687
Total	997	17,105	20,703	18,718	757	347	145	58,772
Exposure - weighted average EAD ($M)								
Corporate	-	2. 813	1. 850	0. 770	0. 519	0. 806	2. 139	1. 925
SME corporate	-	0. 836	0. 238	0. 260	0. 229	0. 239	0. 277	0. 262
SME retail (2)	-	-	0. 046	0. 043	0. 057	0. 029	0. 078	0. 046
Sovereign	7. 650	7. 808	0. 404	0. 549	-	-	-	7. 620
Bank	-	10. 270	4. 448	0. 789	-	-	41. 245	10. 003
Exposure - weighted average LGD (%)								
Corporate	-	54. 6	49. 3	43. 4	37. 4	54. 6	54. 1	49. 8
SME corporate	-	50. 5	29. 4	29. 9	30. 4	33. 2	36. 2	30. 3
SME retail (2)	-	-	31. 0	34. 1	31. 1	42. 0	38. 1	33. 0
Sovereign	5. 6	59. 2	47. 5	59. 7	-	-	-	10. 6
Bank	-	59. 5	59. 3	59. 1	-	-	60. 0	59. 5
Exposure - weighted average risk weight (%) (4)								
Corporate	-	30. 4	56. 4	81. 9	126. 6	290. 9	82. 6	54. 9
SME corporate	-	24. 7	30. 3	54. 2	83. 7	145. 8	289. 4	61. 5
SME retail (2)	-	-	17. 5	43. 3	66. 3	113. 2	361. 9	45. 7
Sovereign	1. 5	12. 5	38. 7	121. 4	-	-	-	3. 0
Bank	-	25. 4	57. 0	86. 6	-	-	-	27. 4

(1) Total credit risk exposures do not include specialised lending, equity or securitisation exposures.
(2) Including SME retail secured by residential property.
(3) The credit exposure value of undrawn commitments included in Total Credit Risk Exposures above.
(4) Includes 1.06 scaling factor. Comparatives have been restated to conform to presentation in the current period.

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

	31 December 2017							
	PD Band							
	0 < 0.03%	0.03% < 0.15%	0.15% < 0.5%	0.5% < 3%	3% < 10%	10% < 100%	Default	Total
Non Retail (1)	$M	$M	$M	$M	$M	$M	$M	$M
Total credit risk exposures								
Corporate	-	42,717	52,840	28,710	369	482	692	125,810
SME corporate	-	1,581	5,085	44,363	2,570	1,511	1,376	56,486
SME retail (2)	-	-	3,266	9,310	2,797	303	129	15,805
Sovereign	82,436	6,945	143	32	-	-	-	89,556
Bank	-	36,085	2,271	85	-	-	124	38,565
Total	82,436	87,328	63,605	82,500	5,736	2,296	2,321	326,222
Undrawn commitments (3)								
Corporate	-	15,485	21,002	9,242	158	145	131	46,163
SME corporate	-	199	1,331	7,562	217	123	119	9,551
SME retail (2)	-	-	1,593	2,578	422	27	5	4,625
Sovereign	979	221	35	10	-	-	-	1,245
Bank	-	1,229	184	43	-	-	-	1,456
Total	979	17,134	24,145	19,435	797	295	255	63,040
Exposure - weighted average EAD ($M)								
Corporate	-	2. 768	2. 456	0. 746	0. 337	0. 816	1. 912	2. 156
SME corporate	-	1. 062	0. 315	0. 270	0. 232	0. 232	0. 291	0. 294
SME retail (2)	-	-	0. 044	0. 043	0. 055	0. 031	0. 079	0. 045
Sovereign	5. 890	7. 227	0. 269	0. 054	-	-	-	5. 983
Bank	-	9. 171	3. 509	0. 591	-	-	41. 245	8. 921
Exposure - weighted average LGD (%)								
Corporate	-	55. 0	49. 7	43. 8	41. 1	52. 9	53. 2	50. 2
SME corporate	-	43. 4	34. 4	29. 9	29. 6	34. 3	35. 9	30. 9
SME retail (2)	-	-	31. 7	34. 0	31. 0	39. 1	39. 2	33. 1
Sovereign	5. 6	57. 9	50. 4	56. 2	-	-	-	9. 7
Bank	-	59. 5	60. 0	58. 2	-	-	60. 0	59. 5
Exposure - weighted average risk weight (%) (4)								
Corporate	-	31. 0	56. 8	82. 0	146. 1	282. 0	99. 4	55. 1
SME corporate	-	21. 0	36. 7	52. 8	79. 7	148. 3	264. 5	59. 4
SME retail (2)	-	-	17. 9	43. 1	66. 5	108. 2	321. 0	45. 6
Sovereign	1. 5	12. 8	40. 9	122. 0	-	-	-	2. 4
Bank	-	26. 1	56. 6	100. 0	-	-	-	28. 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.

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

	31 December 2018							
	PD Band							
	0 < 0.1%	0.1% < 0.3%	0.3% < 0.5%	0.5% < 3%	3% < 10%	10% < 100%	Default	Total
Retail	$M	$M	$M	$M	$M	$M	$M	$M
Total credit risk exposures								
Residential mortgage [(1)]	176,276	113,642	71,047	170,495	25,181	6,219	4,494	**567,354**
Qualifying revolving retail	208	15,086	3,993	5,928	2,424	514	146	**28,299**
Other retail	50	-	38	8,291	2,127	612	142	**11,260**
Total	176,534	128,728	75,078	184,714	29,732	7,345	4,782	**606,913**
Undrawn commitments [(2)]								
Residential mortgage	39,298	14,911	5,775	10,444	292	346	18	**71,084**
Qualifying revolving retail	176	11,888	2,959	2,309	369	63	2	**17,766**
Other retail	48	-	34	2,673	252	99	2	**3,108**
Total	39,522	26,799	8,768	15,426	913	508	22	**91,958**
Exposure - weighted average EAD ($M)								
Residential mortgage	0. 271	0. 282	0. 266	0. 248	0. 280	0. 219	0. 263	**0. 265**
Qualifying revolving retail	0. 005	0. 010	0. 008	0. 006	0. 006	0. 008	0. 007	**0. 008**
Other retail	0. 004	-	0. 004	0. 011	0. 011	0. 001	0. 006	**0. 008**
Exposure - weighted average LGD (%)								
Residential mortgage	20. 0	19. 7	19. 5	20. 3	20. 4	19. 9	20. 2	**20. 0**
Qualifying revolving retail	81. 0	84. 9	84. 2	84. 3	84. 7	84. 0	84. 7	**84. 6**
Other retail	108. 6	-	108. 6	97. 5	98. 1	101. 2	98. 5	**97. 9**
Exposure - weighted average risk weight (%) [(3)]								
Residential mortgage	4. 5	13. 1	20. 2	39. 2	89. 6	134. 8	177. 8	**25. 2**
Qualifying revolving retail	3. 2	5. 5	13. 7	45. 8	135. 5	214. 0	321. 1	**31. 6**
Other retail	27. 9	-	70. 4	124. 6	156. 6	217. 8	492. 1	**139. 7**

(1) The Group implemented new Australian residential mortgage models which resulted in movements in credit risk exposures across PD bands.
(2) The credit exposure value of undrawn commitments included in Total Credit Risk Exposures above.
(3) Includes 1.06 scaling factor.

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

	30 June 2018							
	PD Band							
	0 < 0.1%	0.1% < 0.3%	0.3% < 0.5%	0.5% < 3%	3% < 10%	10% < 100%	Default	Total
Retail	$M	$M	$M	$M	$M	$M	$M	$M
Total credit risk exposures								
Residential mortgage	149,608	167,058	96,786	124,768	7,450	8,809	4,547	559,026
Qualifying revolving retail	204	15,078	4,118	6,253	2,665	566	168	29,052
Other retail	51	-	320	8,255	2,043	597	151	11,417
Total	149,863	182,136	101,224	139,276	12,158	9,972	4,866	599,495
Undrawn commitments (1)								
Residential mortgage	53,678	6,157	4,138	7,464	155	90	9	71,691
Qualifying revolving retail	174	12,036	3,062	2,464	416	70	2	18,224
Other retail	49	-	279	2,429	247	97	2	3,103
Total	53,901	18,193	7,479	12,357	818	257	13	93,018
Exposure - weighted average EAD ($M)								
Residential mortgage	0. 252	0. 306	0. 271	0. 223	0. 239	0. 230	0. 263	0. 261
Qualifying revolving retail	0. 005	0. 010	0. 008	0. 009	0. 008	0. 008	0. 008	0. 009
Other retail	0. 004	-	0. 002	0. 009	0. 008	0. 001	0. 005	0. 006
Exposure - weighted average LGD (%)								
Residential mortgage	20. 0	19. 8	19. 7	20. 5	21. 4	20. 0	20. 1	20. 0
Qualifying revolving retail	81. 0	84. 9	84. 2	84. 3	84. 8	84. 1	84. 6	84. 6
Other retail	108. 6	-	108. 6	97. 1	98. 1	101. 4	98. 6	97. 9
Exposure - weighted average risk weight (%) (2)								
Residential mortgage	6. 7	17. 8	25. 9	37. 6	98. 6	134. 5	181. 3	24. 9
Qualifying revolving retail	3. 2	5. 5	13. 7	45. 9	135. 1	214. 0	307. 5	33. 0
Other retail	27. 9	-	79. 8	125. 6	156. 7	217. 2	406. 4	137. 9

(1) The credit exposure value of undrawn commitments included in Total Credit Risk Exposures above.
(2) Includes 1.06 scaling factor.

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

	31 December 2017							
	PD Band							
	0 < 0.1%	0.1% < 0.3%	0.3% < 0.5%	0.5% < 3%	3% < 10%	10% < 100%	Default	Total
Retail	$M	$M	$M	$M	$M	$M	$M	$M
Total credit risk exposures								
Residential mortgage	151,496	161,838	94,808	123,005	7,049	9,485	3,864	551,545
Qualifying revolving retail	-	14,917	3,409	5,342	2,516	438	131	26,753
Other retail	53	-	325	8,456	1,783	585	132	11,334
Total	151,549	176,755	98,542	136,803	11,348	10,508	4,127	589,632
Undrawn commitments (1)								
Residential mortgage	55,679	6,081	4,036	7,362	156	101	9	73,424
Qualifying revolving retail	-	11,705	2,475	2,202	426	56	2	16,866
Other retail	51	-	284	2,407	236	93	3	3,074
Total	55,730	17,786	6,795	11,971	818	250	14	93,364
Exposure - weighted average EAD ($M)								
Residential mortgage	0. 249	0. 302	0. 269	0. 220	0. 234	0. 227	0. 258	0. 257
Qualifying revolving retail	-	0. 010	0. 009	0. 009	0. 008	0. 008	0. 008	0. 009
Other retail	0. 004	-	0. 002	0. 009	0. 007	0. 001	0. 004	0. 006
Exposure - weighted average LGD (%)								
Residential mortgage	20. 0	19. 8	19. 7	20. 4	21. 3	20. 0	20. 1	20. 0
Qualifying revolving retail	-	85. 0	85. 0	85. 0	85. 0	85. 0	85. 0	85. 0
Other retail	108. 6	-	108. 6	97. 2	98. 1	101. 3	98. 8	97. 9
Exposure - weighted average risk weight (%) (2)								
Residential mortgage	6. 6	17. 7	25. 9	37. 6	98. 7	136. 1	174. 3	24. 7
Qualifying revolving retail	-	5. 4	13. 7	46. 3	135. 3	221. 2	306. 4	31. 9
Other retail	27. 9	-	79. 8	125. 2	156. 5	217. 5	369. 2	136. 0

(1) The credit exposure value of undrawn commitments included in Total Credit Risk Exposures above.
(2) Includes 1.06 scaling factor.

Credit Risk

Analysis of Losses

The following tables provide a summary of financial losses by AIRB portfolio (APS 330 Table 9e) and a comparison of financial losses to regulatory Expected Loss (EL) estimates (APS 330 Table 9f (i)).

APS 330 Table 9e – Actual losses by portfolio type

	31 December 2018		
	Half year losses in reporting period		
Portfolio Type	Gross write-offs $M	Recoveries $M	Actual losses $M
Corporate	99	(1)	98
SME corporate	47	(2)	45
SME retail (including SME retail secured by residential mortgages)	35	(3)	32
Specialised lending	16	-	16
Total corporate including SME and specialised lending	197	(6)	191
Sovereign	-	-	-
Bank	-	-	-
Residential mortgage (excluding SME retail secured by residential mortgages)	63	(4)	59
Qualifying revolving retail	183	(44)	139
Other retail	207	(44)	163
Total advanced IRB and specialised lending portfolios	650	(98)	552

	30 June 2018		
	Full year losses in reporting period		
Portfolio Type	Gross write-offs $M	Recoveries $M	Actual losses $M
Corporate	198	(3)	195
SME corporate	96	(6)	90
SME retail (including SME retail secured by residential mortgages)	51	(13)	38
Specialised lending	25	-	25
Total corporate including SME and specialised lending	370	(22)	348
Sovereign	-	-	-
Bank	-	-	-
Residential mortgage (excluding SME retail secured by residential mortgages)	128	(3)	125
Qualifying revolving retail	372	(89)	283
Other retail	410	(76)	334
Total advanced IRB and specialised lending portfolios	1,280	(190)	1,090

	31 December 2017		
	Half year losses in reporting period		
Portfolio Type	Gross write-offs $M	Recoveries $M	Actual losses $M
Corporate	78	(1)	77
SME corporate	45	(3)	42
SME retail (including SME retail secured by residential mortgages)	20	(5)	15
Specialised lending	17	-	17
Total corporate including SME and specialised lending	160	(9)	151
Sovereign	-	-	-
Bank	-	-	-
Residential mortgage (excluding SME retail secured by residential mortgages)	56	(1)	55
Qualifying revolving retail	165	(41)	124
Other retail	207	(43)	164
Total advanced IRB and specialised lending portfolios	588	(94)	494

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

Portfolio Type	31 December 2018 Half year actual loss $M	31 December 2018 Regulatory one year expected loss estimate $M
Corporate	98	697
SME corporate	45	597
SME retail (including SME retail secured by residential mortgages)	32	158
Specialised lending	16	736
Total corporate including SME and specialised lending	191	2,188
Sovereign	-	4
Bank	-	136
Residential mortgage (excluding SME retail secured by residential mortgages)	59	1,240
Qualifying revolving retail	139	480
Other retail	163	552
Total advanced IRB and specialised lending portfolios	552	4,600

Portfolio Type	30 June 2018 Full year actual loss $M	30 June 2018 Regulatory one year expected loss estimate $M
Corporate	195	713
SME corporate	90	573
SME retail (including SME retail secured by residential mortgages)	38	115
Specialised lending	25	704
Total corporate including SME and specialised lending	348	2,105
Sovereign	-	5
Bank	-	138
Residential mortgage (excluding SME retail secured by residential mortgages)	125	1,125
Qualifying revolving retail	283	527
Other retail	334	553
Total advanced IRB and specialised lending portfolios	1,090	4,453

Portfolio Type	31 December 2017 Half year actual loss $M	31 December 2017 Regulatory one year expected loss estimate $M
Corporate	77	765
SME corporate	42	715
SME retail (including SME retail secured by residential mortgages)	15	124
Specialised lending	17	768
Total corporate including SME and specialised lending	151	2,372
Sovereign	-	4
Bank	-	137
Residential mortgage (excluding SME retail secured by residential mortgages)	55	1,089
Qualifying revolving retail	124	465
Other retail	164	525
Total advanced IRB and specialised lending portfolios	494	4,592

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.

Accuracy of Risk Estimates

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

Probability of Default

APS 330 Table 9f (ii) compares estimates of long-run PD to actual default rates averaged over 10.5 financial years to 31 December 2018, where results for the half year to December 2018 have been annualised without adjustment for seasonality. Average estimated PD is based on the average of long-run PD's for obligators 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.

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

	As at 31 December 2018	
Portfolio Type	Average estimated PD %	Average actual PD %
Corporate	1. 27	0. 81
SME corporate	2. 24	1. 94
SME retail (including SME retail secured by residential mortgages)	1. 80	0. 83
Specialised lending (1)	n/a	1. 54
Sovereign (2)	0. 59	0. 02
Bank (2)	0. 29	0. 23
Residential mortgage (excluding SME retail secured by residential mortgages)	0. 86	0. 75
Qualifying revolving retail	1. 93	2. 00
Other retail	4. 96	4. 76

(1) Average estimated PD not relevant for specialised lending under the Supervisory Slotting approach.
(2) Actual PDs based on a low volume of defaults observed.

Loss Given Default and Exposure at Default

LGDs for non-retail portfolios are based on accounts that defaulted in 2009 to 2016 financial years. LGDs for retail portfolios are based on accounts that defaulted in 2009 to 2017 financial years. Defaults occurring in the most recent years have been excluded from the analysis, to allow sufficient time for workout of impaired assets, booking of losses and more meaningful disclosures.

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

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

	As at 31 December 2018		
Portfolio Type	Average estimated downturn LGD %	Average actual LGD %	Ratio of estimated EAD to actual EAD
Corporate	51. 3	39. 6	1. 1
SME corporate	33. 2	19. 7	1. 1
SME retail (including SME retail secured by residential mortgages)	32. 0	20. 0	1. 2
Specialised lending (1)	n/a	32. 0	1. 1
Sovereign	61. 3	1. 3	1. 8
Bank (2)	65. 4	109. 9	1. 8
Residential mortgage (excluding SME retail secured by residential mortgages) (3)	20. 7	6. 2	1. 0
Qualifying revolving retail	87. 5	69. 8	1. 1
Other retail	97. 2	76. 8	1. 0

(1) Average estimated LGD is not relevant for specialised lending under Supervisory Slotting approach.
(2) Actual LGDs based on a low volume of defaults observed.
(3) Estimated downturn LGD based on minimum regulatory floor requirements imposed by APRA and RBNZ.

6.5 Credit Risk Mitigation

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

	31 December 2018				
	Total exposure (1) $M	Eligible financial collateral $M	Exposures covered by guarantees $M	Exposures covered by credit derivatives $M	Coverage %
Advanced approach (2)					
Corporate	124,901	-	911	262	0. 9
SME corporate	51,395	-	-	-	-
SME retail (3)	17,151	-	-	-	-
Sovereign	90,807	-	-	-	-
Bank	34,159	-	308	128	1. 3
Residential mortgage	567,354	-	-	-	-
Qualifying revolving retail	28,299	-	-	-	-
Other retail	11,260	-	-	-	-
Total advanced approach	925,326	-	1,219	390	0. 2
Specialised lending	60,941	-	-	-	-
Standardised approach					
Corporate	1,423	-	-	-	-
SME corporate	1,034	19	-	-	1. 8
SME retail	5,000	-	-	-	-
Sovereign	491	-	-	-	-
Bank	254	-	-	-	-
Residential mortgage	14,521	-	-	-	-
Other retail	1,492	-	-	-	-
Other assets	11,378	-	-	-	-
Central clearing counterparties	7,267	-	-	-	-
Total standardised approach	42,860	19	-	-	-
Total exposures	1,029,127	19	1,219	390	0. 2

	30 June 2018				
	Total exposure (1) $M	Eligible financial collateral $M	Exposures covered by guarantees $M	Exposures covered by credit derivatives $M	Coverage %
Advanced approach (2)					
Corporate	124,948	-	680	342	0. 8
SME corporate	53,330	-	-	-	-
SME retail (3)	15,677	-	-	-	-
Sovereign	86,055	-	-	-	-
Bank	40,808	-	227	139	0. 9
Residential mortgage	559,026	-	-	-	-
Qualifying revolving retail	29,052	-	-	-	-
Other retail	11,417	-	-	-	-
Total advanced approach	920,313	-	907	481	0. 2
Specialised lending	62,831	-	-	-	-
Standardised approach					
Corporate	1,246	-	-	-	-
SME corporate	412	38	-	-	9. 2
SME retail	5,834	7	-	-	0. 1
Sovereign	493	-	-	-	-
Bank	379	-	-	-	-
Residential mortgage	13,188	1	-	-	0. 0
Other retail	1,592	-	-	-	-
Other assets	8,902	-	-	-	-
Central clearing counterparties	7,196	-	-	-	-
Total standardised approach	39,242	46	-	-	0. 1
Total exposures	1,022,386	46	907	481	0. 1

(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.

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

	31 December 2017				
	Total exposure [1] $M	Eligible financial collateral $M	Exposures covered by guarantees $M	Exposures covered by credit derivatives $M	Coverage %
Advanced approach [2]					
Corporate	125,810	-	1,509	171	1. 3
SME corporate	56,486	-	-	-	-
SME retail [3]	15,805	-	-	-	-
Sovereign	89,556	-	-	-	-
Bank	38,565	-	728	284	2. 6
Residential mortgage	551,545	-	-	-	-
Qualifying revolving retail	26,753	-	-	-	-
Other retail	11,334	-	-	-	-
Total advanced approach	915,854	-	2,237	455	0. 3
Specialised lending	64,208	-	-	-	-
Standardised approach					
Corporate	1,285	-	-	-	-
SME corporate	278	32	-	-	11. 5
SME retail	5,688	6	-	-	0. 1
Sovereign	400	-	-	-	-
Bank	226	-	-	-	-
Residential mortgage	12,614	-	-	-	-
Other retail	2,707	-	-	-	-
Other assets	11,280	-	-	-	-
Central clearing counterparties	5,543	-	-	-	-
Total standardised approach	40,021	38	-	-	0. 1
Total exposures	1,020,083	38	2,237	455	0. 3

(1) Credit derivatives that are treated as part of synthetic securitisation structures are excluded from credit risk mitigation disclosures and included within those relating to securitisation.
(2) Advanced approach: Exposure for derivatives and guarantees is after netting and financial collateral.
(3) Including SME retail secured by residential property.

6.6 Counterparty Credit Risk

APS 330 Table 11b (i) Counterparty credit risk derivative exposure under the current exposure method [1]

	31 Dec 18 $M	30 Jun 18 $M	31 Dec 17 $M
Gross positive fair value	**27,951**	31,595	24,360
Netting benefits	**(17,065)**	(18,919)	(14,406)
Netted current credit exposure	**10,886**	12,676	9,954
Collateral held, of which:			
Cash	**(4,498)**	(5,748)	(5,144)
Net derivatives credit exposure	**6,388**	6,928	4,810
Potential Future Exposure under the Current Exposure Method	**13,079**	13,699	13,086
Exposure at Default	**19,467**	20,627	17,896

(1) Excluding exposures to CCPs.

APS 330 Table 11b (ii) Counterparty credit risk derivative exposure [1]

Exposure type	Current Credit Exposure 31 Dec 18 $M	Current Credit Exposure 30 Jun 18 $M	Current Credit Exposure 31 Dec 17 $M
Interest rate contracts	**6,208**	6,333	7,155
Foreign currency contracts	**21,505**	24,761	16,734
Equity contracts	**5**	5	4
Credit derivatives	**14**	24	51
Commodities and other	**219**	472	416
Total	**27,951**	31,595	24,360

(1) Excluding exposures to CCPs.

APS 330 Table 11c Counterparty credit risk derivative transactions

Notional Value by Product type as at 31 December 18 [1] [2]	Own Credit Portfolio as Protection buyer $M	Own Credit Portfolio as Protection seller $M	Intermediation Activity as Protection buyer $M	Intermediation Activity as Protection seller $M
Credit default swaps	**1,369**	**-**	**48**	**1,606**
Total return swaps	**-**	**-**	**-**	**-**
Credit options	**-**	**-**	**-**	**-**
Other	**-**	**-**	**-**	**-**
Total	**1,369**	**-**	**48**	**1,606**

Notional Value by Product type as at 30 June 18 [1] [2]	Own Credit Portfolio as Protection buyer $M	Own Credit Portfolio as Protection seller $M	Intermediation Activity as Protection buyer $M	Intermediation Activity as Protection seller $M
Credit default swaps	1,488	-	46	1,920
Total return swaps	-	-	-	-
Credit options	-	-	-	-
Other	-	-	-	-
Total	1,488	-	46	1,920

Notional Value by Product type as at 31 December 17 [1] [2]	Own Credit Portfolio as Protection buyer $M	Own Credit Portfolio as Protection seller $M	Intermediation Activity as Protection buyer $M	Intermediation Activity as Protection seller $M
Credit default swaps	919	-	41	3,158
Total return swaps	-	-	-	-
Credit options	-	-	-	-
Other	-	-	-	-
Total	919	-	41	3,158

(1) Excluding exposures to CCPs.
(2) Notional values are presented for credit derivatives with positive fair values and include credit derivative hedges.

6.7 Securitisation

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

	31 December 2018			
Underlying Asset	Group originated assets capital relief [1] $M	Group originated assets - non capital relief [2] $M	Group originated assets - internal RMBS[3] $M	Third party originated assets [4] $M
Residential mortgage	5,392	9,043	60,921	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	5,392	9,043	60,921	-

	30 June 2018			
Underlying Asset	Group originated assets capital relief [1] $M	Group originated assets - non capital relief [2] $M	Group originated assets - internal RMBS[3] $M	Third party originated assets [4] $M
Residential mortgage	4,234	10,078	60,740	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	4,234	10,078	60,740	-

	31 December 2017			
Underlying Asset	Group originated assets capital relief [1] $M	Group originated assets - non capital relief [2] $M	Group originated assets - internal RMBS[3] $M	Third party originated assets [4] $M
Residential mortgage	4,732	11,219	59,824	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	4,732	11,219	59,824	-

(1) Group originated assets (capital relief) comprise CBA Medallion and Bankwest Swan Trusts subject to capital treatment under APS 120.
(2) Group originated assets (non-capital relief) comprise CBA Medallion and Bankwest Swan Trusts subject to capital treatment under APS 113.
(3) Group originated assets (internal RMBS) comprise CBA Medallion, Bankwest Swan and ASB Medallion Trusts held for contingent liquidity purposes.
(4) Third party originated assets comprise assets managed and sponsored by the Group.

APS 330 Table 12g (ii) – Banking book exposures securitised – synthetic securitisation

APS 120 provides specific regulatory treatment for synthetic securitisations where credit risk is transferred to a third party, however legal ownership of the underlying assets remains with the originator.

The Group has not undertaken any synthetic securitisation in the banking book.

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

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

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

	31 December 2018			
	Group originated assets securitised			
Underlying Asset	Outstanding exposure $M	Impaired $M	Past due $M	Losses recognised $M
Residential mortgage	75,356	10	276	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	75,356	10	276	-

	30 June 2018			
	Group originated assets securitised			
Underlying Asset	Outstanding exposure $M	Impaired $M	Past due $M	Losses recognised $M
Residential mortgage	75,052	7	234	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	75,052	7	234	-

	31 December 2017			
	Group originated assets securitised			
Underlying Asset	Outstanding exposure $M	Impaired $M	Past due $M	Losses recognised $M
Residential mortgage	75,775	3	116	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	75,775	3	116	-

APS 330 Table 12i – Banking book exposures intended to be securitised

The Group does not have any outstanding banking book exposures that are intended to be securitised at 31 December 2018.

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

The Group securitised $2,729 million new exposures in the banking book during the half year ended 31 December 2018.

	Half year ended 31 December 2018	
Underlying Asset	**Total exposures securitised $M**	**Recognised gain or loss on sale $M**
Residential mortgages	2,570	-
Credit cards and other personal loans	-	-
Auto and equipment finance	150	-
Commercial loans	9	-
Other	-	-
Total	2,729	-

	Full year ended 30 June 2018	
Underlying Asset	**Total exposures securitised $M**	**Recognised gain or loss on sale $M**
Residential mortgages	5,445	-
Credit cards and other personal loans	200	-
Auto and equipment finance	349	-
Commercial loans	491	-
Other	-	-
Total	6,485	-

	Half year ended 31 December 2017	
Underlying Asset	**Total exposures securitised $M**	**Recognised gain or loss on sale $M**
Residential mortgages	3,819	-
Credit cards and other personal loans	200	-
Auto and equipment finance	349	-
Commercial loans	491	-
Other	-	-
Total	4,859	-

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

Securitisation Facility Type	31 December 2018 On Balance Sheet $M	31 December 2018 Off Balance Sheet $M	31 December 2018 Total exposures $M
Liquidity support facilities	-	260	260
Warehouse facilities	4,253	3,425	7,678
Derivative facilities	78	12	90
Holdings of securities	7,853	-	7,853
Other	-	5	5
Total securitisation exposures in the banking book	12,184	3,702	15,886

Securitisation Facility Type	30 June 2018 On Balance Sheet $M	30 June 2018 Off Balance Sheet $M	30 June 2018 Total exposures $M
Liquidity support facilities	-	240	240
Warehouse facilities	4,632	2,501	7,133
Derivative facilities	56	10	66
Holdings of securities	7,885	-	7,885
Other	-	-	-
Total securitisation exposures in the banking book	12,573	2,751	15,324

Securitisation Facility Type	31 December 2017 On Balance Sheet $M	31 December 2017 Off Balance Sheet $M	31 December 2017 Total exposures $M
Liquidity support facilities	-	205	205
Warehouse facilities	3,519	2,206	5,725
Derivative facilities	116	12	128
Holdings of securities	8,013	-	8,013
Other	-	-	-
Total securitisation exposures in the banking book	11,648	2,423	14,071

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

Total securitisation exposures in the banking book increased by $576 million or 3.8% during the half year ended 31 December 2018. The corresponding RWA increased by $163 million or 5.7%. This was mainly due to changes in risk profile for securitisation exposures.

	31 December 2018					
	Exposures		Total	Risk Weighted Assets		Total
	Securitisation	Resecuritisation	exposures	Securitisation	Resecuritisation	RWA
Risk Weight Band	$M	$M	$M	$M	$M	$M
≤ 25%	15,652	-	**15,652**	2,913	-	**2,913**
> 25% ≤ 35%	-	-	**-**	-	-	**-**
> 35% ≤ 50%	-	-	**-**	-	-	**-**
> 50% ≤ 75%	231	-	**231**	132	-	**132**
> 75% ≤ 100%	-	-	**-**	-	-	**-**
> 100% ≤ 650%	-	-	**-**	-	-	**-**
> 650% ≤ 1250%	-	-	**-**	-	-	**-**
Total	15,883	-	**15,883**	3,045	-	**3,045**

	30 June 2018					
	Exposures		Total	Risk Weighted Assets		Total
	Securitisation	Resecuritisation	exposures	Securitisation	Resecuritisation	RWA
Risk Weight Band	$M	$M	$M	$M	$M	$M
≤ 25%	14,880	-	**14,880**	2,705	-	**2,705**
> 25% ≤ 35%	195	-	**195**	58	-	**58**
> 35% ≤ 50%	150	-	**150**	62	-	**62**
> 50% ≤ 75%	82	-	**82**	57	-	**57**
> 75% ≤ 100%	-	-	**-**	-	-	**-**
> 100% ≤ 650%	-	-	**-**	-	-	**-**
> 650% ≤ 1250%	-	-	**-**	-	-	**-**
Total	15,307	-	**15,307**	2,882	-	**2,882**

	31 December 2017					
	Exposures		Total	Risk Weighted Assets		Total
	Securitisation	Resecuritisation	exposures	Securitisation	Resecuritisation	RWA
Risk Weight Band	$M	$M	$M	$M	$M	$M
≤ 25%	14,028	-	**14,028**	1,421	-	**1,421**
> 25% ≤ 35%	25	-	**25**	9	-	**9**
> 35% ≤ 50%	-	-	**-**	-	-	**-**
> 50% ≤ 75%	-	-	**-**	-	-	**-**
> 75% ≤ 100%	-	-	**-**	-	-	**-**
> 100% ≤ 650%	-	-	**-**	-	-	**-**
> 650% ≤ 1250%	18	-	**18**	190	-	**190**
Total	14,071	-	**14,071**	1,620	-	**1,620**

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

	Common Equity Tier 1 Capital		
	31 Dec 18	30 Jun 18	31 Dec 17
Underlying Asset	$M	$M	$M
Residential mortgage	3	17	3
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	3	17	3

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

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

APS 330 Table 12n – Banking book resecuritisation exposures

As at 31 December 2018, banking book resecuritisation exposures without credit risk mitigation is nil (30 June 2018: nil; 31 December 2017: nil).

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

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

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

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

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

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

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

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

APS 330 Table 12p – Trading book exposures intended to be securitised

The Group does not have any outstanding trading book exposures that are intended to be securitised at 31 December 2018.

APS 330 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 2018, relating to nil residential mortgages (30 June 2018: $40 million, 31 December 2017: $4 million), and nil auto and equipment finance (30 June 2018: $1 million, 31 December 2017: $1 million), and nil personal finance (30 June 2018: $1 million, 31 December 2017: nil) exposures.

APS 330 Table 12r – Trading book exposures subject to APS 116

The aggregate amount of exposures securitised by the Group and subject to Prudential Standard APS 116 “Capital Adequacy: Market Risk” was $18 million as at 31 December 2018 (30 June 2018: $40 million; 31 December 2017: $13 million). This consists of:

- Securities held in the trading book subject to the Standard Method of nil (30 June 2018: $22 million; 31 December 2017: nil); and
- Derivatives held in the trading book subject to the Internal Models Approach (IMA) of $18 million (30 June 2018: $18 million; 31 December 2017: $13 million).

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

Securitisation Facility Type	31 December 2018 On Balance Sheet $M	Off Balance Sheet $M	Total exposures $M
Liquidity support facilities	-	-	-
Warehouse facilities	-	-	-
Derivative facilities	6	12	18
Holdings of securities	-	-	-
Other	-	-	-
Total securitisation exposures in the trading book	6	12	18

Securitisation Facility Type	30 June 2018 On Balance Sheet $M	Off Balance Sheet $M	Total exposures $M
Liquidity support facilities	-	-	-
Warehouse facilities	-	-	-
Derivative facilities	4	14	18
Holdings of securities	22	-	22
Other	-	-	-
Total securitisation exposures in the trading book	26	14	40

Securitisation Facility Type	31 December 2017 On Balance Sheet $M	Off Balance Sheet $M	Total exposures $M
Liquidity support facilities	-	-	-
Warehouse facilities	-	-	-
Derivative facilities	3	10	13
Holdings of securities	-	-	-
Other	-	-	-
Total securitisation exposures in the trading book	3	10	13

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

The Group has $18 million of derivatives exposures held in the trading book subject to IMA (default risk) under APS 116 as at 31 December 2018 (30 June 2018: $18 million; 31 December 2017: $13 million).

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

Total securitisation exposures in the trading book decreased by $22 million during the half year ended 31 December 2018 mainly reflecting run off of investment exposures.

	31 December 2018			
Risk Weight Band	IAA Approach $M	RBA Approach $M	SFA Approach $M	Total exposures $M
≤ 25%	-	10	8	**18**
> 25% ≤ 35%	-	-	-	**-**
> 35% ≤ 50%	-	-	-	**-**
> 50% ≤ 75%	-	-	-	**-**
> 75% ≤ 100%	-	-	-	**-**
> 100% ≤ 650%	-	-	-	**-**
> 650% ≤ 1250%	-	-	-	**-**
Total	-	10	8	**18**

	30 June 2018			
Risk Weight Band	IAA Approach $M	RBA Approach $M	SFA Approach $M	Total exposures $M
≤ 25%	-	35	5	**40**
> 25% ≤ 35%	-	-	-	**-**
> 35% ≤ 50%	-	-	-	**-**
> 50% ≤ 75%	-	-	-	**-**
> 75% ≤ 100%	-	-	-	**-**
> 100% ≤ 650%	-	-	-	**-**
> 650% ≤ 1250%	-	-	-	**-**
Total	-	35	5	**40**

	31 December 2017			
Risk Weight Band	IAA Approach $M	RBA Approach $M	SFA Approach $M	Total exposures $M
≤ 25%	-	-	13	**13**
> 25% ≤ 35%	-	-	-	**-**
> 35% ≤ 50%	-	-	-	**-**
> 50% ≤ 75%	-	-	-	**-**
> 75% ≤ 100%	-	-	-	**-**
> 100% ≤ 650%	-	-	-	**-**
> 650% ≤ 1250%	-	-	-	**-**
Total	-	-	13	**13**

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

The Group has $401 million of RWA held in the trading book subject to IMA (default risk) under APS 116 as at 31 December 2018 (30 June 2018: $360 million; 31 December 2017: $241 million).

APS330 Table 12u (ii) – Capital requirements (RWA) of trading book exposures subject to APS 120 by risk weighting

	31 December 2018									
	IAA Approach		RBA Approach		SFA Approach		Standardised Approach		Total Capital Requirements	
	Securitisation	Resecuritisation	Securitisation	Resecuritisation	Securitisation	Resecuritisation	Securitisation	Resecuritisation	Securitisation	Resecuritisation
Risk Weight Band	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
≤ 25%	-	-	2	-	1	-	-	-	3	-
> 25% ≤ 35%	-	-	-	-	-	-	-	-	-	-
> 35% ≤ 50%	-	-	-	-	-	-	-	-	-	-
> 50% ≤ 75%	-	-	-	-	1	-	-	-	1	-
> 75% ≤ 100%	-	-	-	-	-	-	-	-	-	-
> 100% ≤ 650%	-	-	-	-	-	-	-	-	-	-
> 650% ≤ 1250%	-	-	-	-	-	-	-	-	-	-
Total	-	-	2	-	2	-	-	-	4	-

	30 June 2018									
	IAA Approach		RBA Approach		SFA Approach		Standardised Approach		Total Capital Requirements	
	Securitisation	Resecuritisation	Securitisation	Resecuritisation	Securitisation	Resecuritisation	Securitisation	Resecuritisation	Securitisation	Resecuritisation
Risk Weight Band	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
≤ 25%	-	-	7	-	1	-	-	-	8	-
> 25% ≤ 35%	-	-	-	-	-	-	-	-	-	-
> 35% ≤ 50%	-	-	-	-	-	-	-	-	-	-
> 50% ≤ 75%	-	-	-	-	-	-	-	-	-	-
> 75% ≤ 100%	-	-	-	-	-	-	-	-	-	-
> 100% ≤ 650%	-	-	-	-	-	-	-	-	-	-
> 650% ≤ 1250%	-	-	-	-	-	-	-	-	-	-
Total	-	-	7	-	1	-	-	-	8	-

	31 December 2017									
	IAA Approach		RBA Approach		SFA Approach		Standardised Approach		Total Capital Requirements	
	Securitisation	Resecuritisation	Securitisation	Resecuritisation	Securitisation	Resecuritisation	Securitisation	Resecuritisation	Securitisation	Resecuritisation
Risk Weight Band	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
≤ 25%	-	-	-	-	2	-	-	-	2	-
> 25% ≤ 35%	-	-	-	-	-	-	-	-	-	-
> 35% ≤ 50%	-	-	-	-	-	-	-	-	-	-
> 50% ≤ 75%	-	-	-	-	-	-	-	-	-	-
> 75% ≤ 100%	-	-	-	-	-	-	-	-	-	-
> 100% ≤ 650%	-	-	-	-	-	-	-	-	-	-
> 650% ≤ 1250%	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	2	-	-	-	2	-

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

The Group has no trading book exposures that are deducted entirely from Common Equity Tier 1 capital as at 31 December 2018 (30 June 2018: nil, 31 December 2017: nil).

The Group does not have any trading book exposures that are credit enhancements deducted from total capital or any other exposures deducted from total capital.

APS 330 Table 12v – Trading book exposures subject to early amortisation

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

APS 330 Table 12w – Trading book resecuritisation exposures

The Group did not have any trading book resecuritisation exposures without credit risk mitigation as at 31 December 2018 (30 June 2018: nil; 31 December 2017: nil).

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

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

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

The Group disclosed the summary of the current period's securitisation activity including the total amount of exposures securitised and recognised gain or loss on sale by exposure type in APS 330 Table 12j (banking book) and APS 330 Table 12q (trading book).

The total exposures securitised in the half year to 31 December 2018 was $2,729 million (30 June 2018: $6,527 million; 31 December 2017: $4,864 million).

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

	As at 31 December 2018		
Securitisation Facility Type	On Balance Sheet $M	Off Balance Sheet $M	Total exposures $M
Liquidity support facilities	-	260	260
Warehouse facilities	4,253	3,425	7,678
Derivative facilities	84	24	108
Holdings of securities	7,853	-	7,853
Other	-	5	5
Total securitisation exposures	12,190	3,714	15,904

	As at 30 June 2018		
Securitisation Facility Type	On Balance Sheet $M	Off Balance Sheet $M	Total exposures $M
Liquidity support facilities	-	240	240
Warehouse facilities	4,632	2,501	7,133
Derivative facilities	60	24	84
Holdings of securities	7,907	-	7,907
Other	-	-	-
Total securitisation exposures	12,599	2,765	15,364

	As at 31 December 2017		
Securitisation Facility Type	On Balance Sheet $M	Off Balance Sheet $M	Total exposures $M
Liquidity support facilities	-	205	205
Warehouse facilities	3,519	2,206	5,725
Derivative facilities	119	22	141
Holdings of securities	8,013	-	8,013
Other	-	-	-
Total securitisation exposures	11,651	2,433	14,084

7 Equity Risk

APS 330 Table 16b to 16e and 16f [(1)(2)] – Equity investment exposures

	31 December 2018	
Equity Investments	**Balance Sheet value $M**	**Fair value $M**
Value of listed (publicly traded) equities	1,819	1,450
Value of unlisted (privately held) equities	1,270	1,186
Total	3,089	2,636

	30 June 2018	
Equity Investments	**Balance Sheet value $M**	**Fair value $M**
Value of listed (publicly traded) equities	1,747	1,553
Value of unlisted (privately held) equities	1,177	1,173
Total	2,924	2,726

	31 December 2017	
Equity Investments	**Balance Sheet value $M**	**Fair value $M**
Value of listed (publicly traded) equities	1,579	1,548
Value of unlisted (privately held) equities	1,083	1,121
Total	2,662	2,669

	Half year ended		
	31 Dec 18	**30 Jun 18**	**31 Dec 17**
Gain/(Losses) on Equity Investments	**$M**	**$M**	**$M**
Cumulative realised gains in reporting period	**13**	-	-
Total unrealised gains/(losses)	**167**	183	192

(1) Equity exposures are not risk weighted at Level 2.
(2) Equity exposures include non-traded equity investments as well as investments in associates and joint ventures and are treated as a capital deduction. For accounting purposes equity investments are measured at fair value and investments in associates and joint ventures are measured using the equity method of accounting. Under the equity method, investments are initially recorded at cost and adjusted for the Group's share of the associates' and joint ventures' post-acquisition profits or losses and other comprehensive income, less any dividends received. The Group assesses, at each balance sheet date, whether there is objective evidence of impairment. If there is an indicator of impairment the balance is tested for impairment by comparing the recoverable amount (higher of value in use and fair value less disposal costs) with the carrying amount.

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.

Traded Market Risk RWA by Modelling Approach [1]	31 Dec 18 $M	30 Jun 18 $M	31 Dec 17 $M
Internal Model Approach	**4,499**	7,477	3,951
Standard Method	**764**	778	878
Total Traded Market Risk RWA	**5,263**	8,255	4,829

(1) Refer to page 10 for commentary.

The capital requirement for Traded market risk under the Standard Method is disclosed in APS 330 Table 13b.

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

Exposure Type	31 Dec 18 $M	30 Jun 18 $M	31 Dec 17 $M
Interest rate risk	**60. 9**	61. 9	69. 9
Equity risk	**0. 1**	0. 2	0. 2
Foreign exchange risk	**0. 1**	0. 1	0. 1
Commodity risk	**-**	-	-
Total	**61. 1**	62. 2	70. 2
Risk Weighted Asset equivalent [1]	**764**	778	878

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

Traded Market Risk Internal Model

The VaR and Stressed VaR results calculated under the Internal Model Approach are summarised in APS 330 Table 14f (i).

APS 330 Table 14f (i) – Value-at-Risk and Stressed Value-at-Risk for trading portfolios under the Internal Model Approach

	Aggregate Value-at-Risk Over the Reporting Period			
Average VaR [1]	**Mean value $M**	**Maximum value $M**	**Minimum value $M**	**As at balance date $M**
Over the 6 months to 31 December 2018	48	75	27	41
Over the 6 months to 30 June 2018	59	103	26	67
Over the 6 months to 31 December 2017	28	37	19	30

	Aggregate SVaR Over the Reporting Period			
Stressed VaR [1]	**Mean value $M**	**Maximum value $M**	**Minimum value $M**	**As at balance date $M**
Over the 6 months to 31 December 2018	89	162	51	85
Over the 6 months to 30 June 2018	117	178	65	123
Over the 6 months to 31 December 2017	79	104	56	67

(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 2018 there were no back-test outliers. The back-test results are summarised in APS 330 Table 14f (ii) and details of these are provided in APS 330 Table 14f (iii). A comparison of VaR with actual gains or losses during the 6 months to 31 December 2018 is illustrated in APS 330 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 2018	-
Over the 6 months to 30 June 2018	-
Over the 6 months to 31 December 2017	-

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

Market Risk and Operational Risk

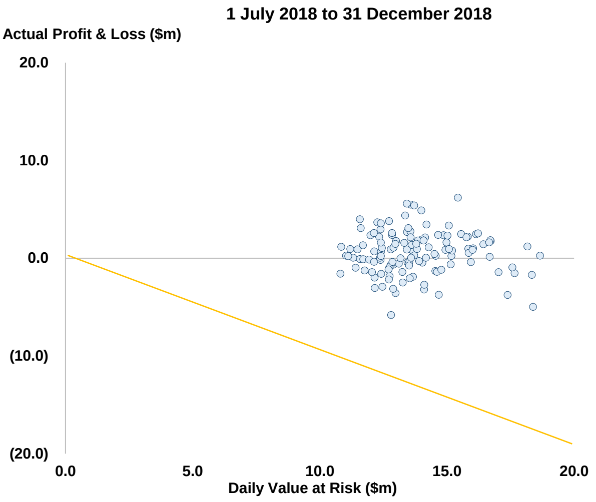
APS 330 Table 14f (iii): Details of Back-Test Outliers

Date	Hypothetical loss $M	VaR 99% $M
	Over the Reporting Period 1 July 2018 to 31 December 2018	
	-	-

Date	Hypothetical loss $M	VaR 99% $M
	Over the Reporting Period 1 January 2018 to 30 June 2018	
	-	-

Date	Hypothetical loss $M	VaR 99% $M
	Over the Reporting Period 1 July 2017 to 31 December 2017	
	-	-

APS 330 Table 14f (iv): Comparison of VaR estimates with actual gains/losses experienced



8.2 Non-Traded Market Risk

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

Stress Testing: Interest Rate Shock Applied	Change in Economic Value 31 Dec 18 $M	30 Jun 18 $M	31 Dec 17 $M
AUD			
200 basis point parallel increase	**(328)**	(1,259)	(1,597)
200 basis point parallel decrease	**368**	1,368	1,736
NZD			
200 basis point parallel increase	**(298)**	(269)	(295)
200 basis point parallel decrease	**317**	287	312
USD			
200 basis point parallel increase	**(59)**	(76)	(66)
200 basis point parallel decrease	**67**	87	71
Other			
200 basis point parallel increase	**(5)**	19	16
200 basis point parallel decrease	**3**	(19)	(19)

Regulatory RWA (1) (2)	31 Dec 18 $M	30 Jun 18 $M	31 Dec 17 $M
Interest rate risk in the banking book	**13,872**	24,381	27,944

(1) The methodology for determining the Regulatory RWA for IRRBB is outlined in the 30 June 2018 Basel III Pillar 3 report of the Group and is in accordance with APRA's Prudential Standard APS 110 "Capital Adequacy".
(2) Refer to page 10 for commentary.

9 Operational Risk

APS 330 Table 6e – Capital requirements for operational risk

	31 Dec 18 $M	30 Jun 18 $M	31 Dec 17 $M
Total operational risk RWA (1)	**56,653**	56,448	41,078

(1) Refer to page 10 for commentary.

For further detail on the operational risk policies, frameworks and capital calculations, refer to pages 73-74 of the June 2018 Pillar 3 report.

10 Liquidity Risk

10.1 Liquidity Coverage Ratio Disclosure

The Group calculates its LCR position daily, ensuring a buffer is maintained over the minimum regulatory requirement of 100% and the Board's risk appetite. Over the December quarter, excess liquid assets averaged $33 billion while the LCR was stable at 131%, with the small reduction in liquid assets matching the reduction in modelled Net Cash Outflows (NCOs). NCOs represent Net Cash Outflows modelled under an APRA-prescribed 30 day severe liquidity stress scenario.

The Group's mix of liquid assets consists of High Quality Liquid Assets (HQLA), being cash, deposits with central banks and securities issued by governments and highly rated public sector entities. Liquid assets also include securities repo-eligible with the Reserve Bank of Australia under the Committed Liquidity Facility (CLF) and securities classified as liquid assets by the Reserve Bank of New Zealand (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.

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. The Group's small reduction in 30 day modelled NCOs over the December quarter was driven by lower outflows from unsecured wholesale funding maturities.

APS 330 Table 20 - LCR disclosure template

		31 Dec 18 Total unweighted value (average) (1) $M	31 Dec 18 Total weighted value (average) (1) $M	30 Sept 18 Total unweighted value (average) (1) $M	30 Sept 18 Total weighted value (average) (1) $M
Liquid assets, of which:					
1	High-quality liquid assets (HQLA)		88,865		90,647
2	Alternative liquid assets (ALA)		47,930		47,943
3	Reserve Bank of New Zealand (RBNZ) securities		2,714		2,070
Cash outflows					
4	Retail deposits and deposits from small business customers, of which:	283,867	24,744	282,864	24,762
5	Stable deposits	159,898	7,995	159,092	7,955
6	Less stable deposits	123,969	16,749	123,772	16,807
7	Unsecured wholesale funding, of which:	118,279	62,170	119,796	64,263
8	Operational deposits (all counterparties) and deposits in networks for cooperative banks	31,661	7,807	32,367	7,981
9	Non-operational deposits (all counterparties)	75,683	43,428	75,406	44,259
10	Unsecured debt	10,935	10,935	12,023	12,023
11	Secured wholesale funding		2,165		1,053
12	Additional requirements, of which:	154,671	22,222	159,241	22,839
13	Outflows related to derivatives exposures and other collateral requirements	7,734	7,734	7,812	7,812
14	Outflows related to loss of funding on debt products	-	-	-	-
15	Credit and liquidity facilities	146,937	14,488	151,429	15,027
16	Other contractual funding obligations	34	12	12	7
17	Other contingent funding obligations	76,892	7,613	79,240	9,603
18	**Total cash outflows**		118,926		122,527
Cash inflows					
19	Secured lending	8,526	1,295	8,065	1,374
20	Inflows from fully performing exposures	10,172	6,943	10,538	7,521
21	Other cash inflows	4,403	4,403	6,065	6,065
22	**Total cash inflows**	23,101	12,641	24,668	14,960
23	**Total liquid assets**		139,509		140,660
24	**Total net cash outflows**		106,285		107,567
25	**Liquidity Coverage Ratio (%)**		131		131
Number of data points used (Business Days)			64		65

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

10.2 Net Stable Funding Ratio Disclosure

The Net Stable Funding Ratio (NSFR) is an APRA measure implemented on 1 January 2018 that 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 APRA-prescribed factors 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 other loans to non-FI customers.

The small decrease in the NSFR from 113% to 112% from 30 September 2018 to 31 December 2018 was driven by a small change in the mix of wholesale funding.

APS 330 Table 21 – NSFR disclosure template

		As at 31 December 2018				
		Unweighted value by residual maturity				Weighted value
		No Maturity	0 - 6 months	7 - 12 months	> 12 months	
		$M	$M	$M	$M	$M
Available Stable Funding (ASF) Item						
1	**Capital**	67,932	-	-	22,424	**90,356**
2	Regulatory Capital	67,932	-	-	22,424	90,356
3	Other Capital Instruments	-	-	-	-	-
4	**Retail deposits and deposits from small business customers**	264,486	121,714	11	48	**357,829**
5	Stable deposits [1]	151,774	52,051	7	14	193,654
6	Less stable deposits [2]	112,712	69,663	4	34	164,175
7	**Wholesale funding**	82,404	182,745	48,151	110,867	**194,099**
8	Operational deposits	30,822	-	-	-	**15,411**
9	Other wholesale funding	51,582	182,745	48,151	110,867	**178,688**
10	**Liabilities with matching interdependent assets**	-	-	-	-	**-**
11	**Other liabilities**	-	9,835	-	299	**299**
12	NSFR Derivative liabilities	-	2,967	-	-	**-**
13	All other liabilities and equity not included in the above categories	-	6,868	-	299	**299**
14	**Total ASF**					**642,583**
Required Stable Funding (RSF) Item						
15 a)	**Total NSFR HQLA**					**3,628**
15 b)	**ALA**					**5,330**
15 c)	**RBNZ Securities**					**391**
16	**Deposits held at other financial institutions for operational purposes**	-	-	-	-	**-**
17	**Performing loans and securities**	1,307	53,274	35,197	628,099	**510,865**
18	Performing loans to financial institutions secured by Level 1 HQLA	1,163	4,882	-	-	**604**
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	144	17,196	6,255	21,350	**27,079**
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), of which:	-	23,581	23,005	139,219	**141,514**
21	With a risk weight of less than or equal to 35% under APS 112	-	44	53	578	**424**
22	Performing residential mortgages, of which;	-	5,485	5,085	463,866	**336,614**
23	With a risk weight equal to 35% under APS 112	-	4,661	4,352	372,328	**257,699**
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	2,130	852	3,664	**5,054**
25	**Assets with matching interdependent liabilities**	-	-	-	-	**-**
26	**Other assets:**	8,362	25,749	262	25,785	**43,679**
27	Physical traded commodities, including gold	8,362	-	-	-	**7,107**
28	Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties (CCPs)	-	933	-	-	**793**
29	NSFR derivative assets	-	8,111	-	-	**5,144**
30	NSFR Derivative liabilities before deduction of variation margin posted	-	13,835	-	-	**2,767**
31	All other assets not included in the above categories	-	2,870	262	25,785	**27,868**
32	**Off-balance sheet items**	-	169,977	-	-	**7,736**
33	**Total RSF**					**571,629**
34	**Net Stable Funding Ratio (%)**					**112**

(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.

10.2 Net Stable Funding Ratio Disclosure (continued)

		As at 30 September 2018				
		Unweighted value by residual maturity				Weighted value
		No Maturity $M	0 - 6 months $M	7 - 12 months $M	> 12 months $M	$M
Available Stable Funding (ASF) Item						
1	**Capital**	65,882	-	-	23,232	89,114
2	Regulatory Capital	65,882	-	-	23,232	89,114
3	Other Capital Instruments	-	-	-	-	-
4	**Retail deposits and deposits from small business customers**	261,902	118,268	29	50	352,361
5	Stable deposits (1)	151,812	50,797	20	14	192,512
6	Less stable deposits (2)	110,090	67,471	9	36	159,849
7	**Wholesale funding**	84,105	184,625	43,092	116,785	199,849
8	Operational deposits	31,109	-	-	-	15,554
9	Other wholesale funding	52,996	184,625	43,092	116,785	184,295
10	**Liabilities with matching interdependent assets**	-	-	-	-	-
11	**Other liabilities**	-	9,405	-	575	575
12	NSFR Derivative liabilities	-	1,978	-	-	-
13	All other liabilities and equity not included in the above categories	-	7,427	-	575	575
14	**Total ASF**					641,899
Required Stable Funding (RSF) Item						
15 a)	**Total NSFR HQLA**					3,620
15 b)	**ALA**					5,330
15 c)	**RBNZ Securities**					388
16	**Deposits held at other financial institutions for operational purposes**	-	-	-	-	-
17	**Performing loans and securities**	2,260	56,511	33,569	622,657	506,500
18	Performing loans to financial institutions secured by Level 1 HQLA	1,011	7,583	-	-	859
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	1,249	17,255	5,645	20,908	26,506
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), of which:	-	24,295	22,092	138,168	140,513
21	With a risk weight of less than or equal to 35% under APS 112	-	42	46	614	443
22	Performing residential mortgages, of which;	-	5,121	5,082	459,878	333,497
23	With a risk weight equal to 35% under APS 112	-	4,342	4,348	366,618	253,126
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	2,257	750	3,703	5,124
25	**Assets with matching interdependent liabilities**	-	-	-	-	-
26	**Other assets:**	10,301	26,525	845	24,077	45,193
27	Physical traded commodities, including gold	10,301	-	-	-	8,755
28	Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties (CCPs)	-	1,268	-	-	1,078
29	NSFR derivative assets	-	7,278	-	-	5,300
30	NSFR Derivative liabilities before deduction of variation margin posted	-	13,224	-	-	2,645
31	All other assets not included in the above categories	-	4,755	845	24,077	27,414
32	**Off-balance sheet items**	-	172,114	-	-	7,966
33	**Total RSF**					568,996
34	**Net Stable Funding Ratio (%)**					113

(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.

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 section 11.3 Regulatory Balance Sheet and section 11.4 Reconciliation between the detailed capital disclosures template and the Regulatory Balance Sheet.

Summary Group Capital Adequacy Ratios (Level 2)	31 Dec 18 Basel III APRA %	31 Dec 18 Basel III Internationally Comparable %
CET1	10. 8	16. 5
Tier 1	12. 9	19. 1
Total Capital	15. 8	22. 6

		31 Dec 18 Basel III $M	Reconciliation Table Reference
Common Equity Tier 1 Capital: instruments and reserves			
1	Directly issued qualifying ordinary shares (and equivalent for mutually-owned entities) capital	**38,102**	Table A
2	Retained earnings	**27,525**	
3	Accumulated other comprehensive income (and other reserves)	**2,124**	
4	Directly issued capital subject to phase out from CET1 (only applicable to mutually-owned companies)	**-**	
5	Ordinary share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	**-**	Table B
6	Common Equity Tier 1 Capital before regulatory adjustments	**67,751**	
Common Equity Tier 1 Capital: regulatory adjustments			
7	Prudential valuation adjustments	**-**	
8	Goodwill (net of related tax liability)	**(7,504)**	Table C
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	**(2,108)**	Table C
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	**-**	Table D
11	Cash-flow hedge reserve	**(57)**	
12	Shortfall of provisions to expected losses (1)	**(378)**	
13	Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)	**-**	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	**(74)**	
15	Defined benefit superannuation fund net assets (2)	**(308)**	
16	Investments in own shares (if not already netted off paid-in capital on reported Balance Sheet)	**-**	
17	Reciprocal cross-holdings in common equity	**-**	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the	**-**	Table G
19	Significant investments in the ordinary shares of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	**-**	Table G
20	Mortgage service rights (amount above 10% threshold)	**-**	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	**-**	Table D
22	Amount exceeding the 15% threshold		
23	of which: significant investments in the ordinary shares of financial entities	**-**	Table G
24	of which: mortgage servicing rights	**-**	
25	of which: deferred tax assets arising from temporary differences	**-**	Table D
	CET1 (Internationally Comparable)	**57,322**	

(1) Represents general reserve for credit losses of $378m (post tax), with associated tax amount incorporated in the row 26e adjustment. As at 31 December 2018 there is no shortfall with eligible credit provisions in excess of regulatory expected loss (pre-tax) using stressed loss given default assumptions associated with the loan portfolio included in row 50.

(2) In accordance with APRA regulations, the surplus in the Group's defined benefit superannuation fund, net of any deferred tax liability, must be deducted from Common Equity Tier 1.

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

		31 Dec 18 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	**181**	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	**(5,901)**	Table G
26e	of which: deferred tax assets not reported in rows 10, 21 and 25	**(2,286)**	Table D
26f	of which: capitalised expenses	**(741)**	
26g	of which: investments in commercial (non-financial) entities that are deducted under APRA prudential requirements	**(99)**	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	**(450)**	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	**-**	
28	Total regulatory adjustments to CET1 (1)	**(19,725)**	
29	CET1 (APRA)	**48,026**	
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	**9,045**	Table E
33	Directly issued capital instruments subject to phase out from Additional Tier 1	**142**	Table E
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	**-**	
35	of which: instruments issued by subsidiaries subject to phase out	**505**	Table E
36	Additional Tier 1 Capital before regulatory adjustments	**9,692**	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)	**(200)**	
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	**(200)**	
44	Additional Tier 1 Capital (AT1)	**9,492**	
45	Tier 1 Capital (T1=CET1+AT1)	**57,518**	
Tier 2 Capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments	**11,586**	Table F
47	Directly issued capital instruments subject to phase out from Tier 2	**605**	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 (2)	**764**	
51	Tier 2 Capital before regulatory adjustments	**12,955**	

(1) Total regulatory adjustments to CET1 of $19,725 million in row 28 is net of APRA's allowance for treasury shares held by the Group's employee share scheme trusts of $181 million as detailed in row 26a.

(2) Represents provisions related to exposures subject to the standardised approach and provisions in excess of regulatory expected loss for non-defaulted exposures subject to the IRB approach.

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

		31 Dec 18 Basel III $M	Reconciliation Table Reference
Tier 2 Capital: regulatory adjustments			
52	Investments in own Tier 2 instruments	(15)	
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)	(8)	
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	(23)	
58	Tier 2 Capital (T2)	12,932	
59	Total Capital (TC=T1+T2)	70,450	
60	Total risk weighted assets based on APRA standards	445,144	
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	10.8%	
62	Tier 1 (as a percentage of risk weighted assets)	12.9%	
63	Total Capital (as a percentage of risk weighted assets)	15.8%	
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)	n/a	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	10.8%	
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	222	Table G
73	Significant investments in the ordinary shares of financial entities	5,679	Table G
74	Mortgage servicing rights (net of related tax liability)	-	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	2,286	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)	243	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	316	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	521	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	2,065	
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	2,098	
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	1,290	
85	Amount excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)	-	Table F

11.2 Detailed Leverage Disclosures Template (APS 330 Attachment E)

APS 330 Table 19 – Summary comparison of accounting assets vs leverage ratio exposure measure

		31 Dec 18 Basel III APRA $M
1	Total consolidated assets as per published financial statements	980,430
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(17,243)
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	2,193
5	Adjustment for SFTs (i.e. repos and similar secured lending)	422
6	Adjustment for Off Balance Sheet exposures (i.e. conversion to credit equivalent amounts of Off Balance Sheet exposures)	80,367
7	Other adjustments	(19,929)
8	**Leverage ratio exposure**	**1,026,240**

APS 330 Table 18 – Leverage ratio disclosure template

		31 Dec 18 Basel III APRA $M
On Balance Sheet exposures		
1	On Balance Sheet items (excluding derivatives and securities financing transactions (SFTs), but including collateral)	916,446
2	Asset amounts deducted in determining Tier 1 capital	(19,929)
3	**Total On Balance Sheet exposures (excluding derivatives and SFTs)**	**896,517**
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	11,482
5	Add-on amounts for potential future credit exposure (PFCE) associated with all derivatives transactions	17,045
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	2,917
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(678)
11	**Total derivative exposures**	**30,766**
SFT exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	18,168
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14	CCR exposure for SFT assets	422
15	Agent transaction exposures	-
16	**Total SFT exposures**	**18,590**
Other Off Balance Sheet exposures		
17	Off Balance Sheet exposure at gross notional amount	175,744
18	(Adjustments for conversion to credit equivalent amounts)	(95,377)
19	**Other Off Balance Sheet exposures**	**80,367**
Capital and total exposures		
20	Tier 1 Capital	57,518
21	Total exposures	1,026,240
Leverage ratio		
22	Leverage ratio (%)	5.6

11.3 Regulatory Balance Sheet

The following table provides details on the Commonwealth Bank of Australia Group's Balance Sheet and the Level 2 Regulatory Balance Sheet as at 31 December 2018.

	Group Balance Sheet $M	Adjustment [1] $M	Level 2 Regulatory Balance Sheet $M	Template/ Reconciliation Table Reference
Assets				
Cash and liquid assets	37,220	7	37,227	
Receivables due from other financial institutions	7,744	-	7,744	
Assets at fair value through Income Statement:				
Trading	33,615	-	33,615	
Insurance	-	-	-	
Other	1,029	(505)	524	
Derivative assets	28,569	4	28,573	
Investment securities:				
At amortised cost	6,990	-	6,990	
At fair value through Other Comprehensive Income	75,246	2	75,248	Table G
Loans, bills discounted and other receivables	753,507	(5,393)	748,114	
Bank acceptances of customers	53	-	53	
Investment in regulatory non-consolidated subsidiaries	-	2,887	2,887	Table G
Property, plant and equipment	2,417	1	2,418	
Investment in associates and joint ventures	2,831	209	3,040	Table G
Intangible assets [2]	8,161	1,520	9,681	Table C
Deferred tax assets	1,735	(5)	1,730	Table D
Other assets	6,097	(917)	5,180	
Assets held for sale	15,216	(15,053)	163	
Total assets	980,430	(17,243)	963,187	
Liabilities				
Deposits and other public borrowings	637,010	3,563	640,573	
Payables due to other financial institutions	22,545	-	22,545	
Liabilities at fair value through Income Statement	9,030	-	9,030	
Derivative liabilities	26,305	3	26,308	
Bank acceptances	53	-	53	
Current tax liabilities	401	(10)	391	
Other provisions	2,171	(290)	1,881	
Debt issues	168,851	(5,496)	163,355	
Bills payable and other liabilities	8,305	(415)	7,890	
Loan capital	22,831	-	22,831	Table E
Liabilities held for sale	14,350	(14,280)	70	
Total liabilities	911,852	(16,925)	894,927	
Net assets	68,578	(318)	68,260	
Shareholders' Equity				
Share capital:				
Ordinary share capital	38,015	87	38,102	Row 1, Table A
Reserves	2,051	73	2,124	Row 3
Retained profits	27,959	(434)	27,525	Row 2
Shareholders' Equity attributable to Equity holders of the Bank	68,025	(274)	67,751	
Non-controlling interests	553	(44)	509	Table B
Total Shareholders' Equity	68,578	(318)	68,260	

(1) Reflects the deconsolidation of the Insurance and funds management entities and those entities through which securitisation of the Group's assets are conducted. These entities are classified as non-consolidated subsidiaries by APRA and are excluded from the Level 2 Regulatory Consolidated Banking Group.
(2) Level 2 Intangible assets also includes Intangible assets from discontinued operations included under Assets held for sale on the Group Balance sheet.

11.4 Reconciliation between Detailed Capital Template and Regulatory Balance Sheet

The following tables provide additional information on the differences between the detailed capital disclosures (section 11.1) and the Regulatory Balance Sheet (section 11.3).

Table A	31 Dec 18 $M	Template Reference
Share Capital		
Ordinary Share Capital	38,015	
Add Treasury Shares held by the Group's life insurance operations	87	
Total per Balance Sheet (Ordinary Share Capital Internationally Comparable) (1)	38,102	Row 1
Treasury Shares held by the Group's employee share scheme trusts (APRA specific adjustment)	181	Row 26a
Total Ordinary Share Capital and Treasury Shares (APRA)	38,283	

Table B	31 Dec 18 $M	Template Reference
Non Controlling Interests		
Total per Balance Sheet (1)	509	
Less ASB perpetual Shares transferred to Additional Tier 1 Capital (refer Table E)	(505)	
Less other non controlling interests not included in capital	(4)	
Total per Capital Template (APRA and Internationally Comparable)	-	Row 5

Table C	31 Dec 18 $M	Template Reference
Goodwill & Other Intangibles		
Total per Balance Sheet (1)	9,681	
Less capitalised software and other intangibles separately disclosed in template	(2,177)	
Total per Capital Template - Goodwill (APRA and Internationally Comparable)	7,504	Row 8
Other intangibles (including capitalised software) per Balance Sheet	2,177	
Less DTL associated with other intangibles	(69)	
Total per Capital Template - Other Intangibles (APRA and Internationally Comparable)	2,108	Row 9

Table D	31 Dec 18 $M	Template Reference
Deferred Tax Assets		
Deferred tax asset per Balance Sheet (1)	1,730	
Less deferred tax liability per Balance Sheet (1)	-	
Net Deferred Tax Assets (2)	1,730	
Adjustments required in accordance with APRA prudential standards (3)	556	
Deferred tax asset adjustment before applying prescribed thresholds (APRA specific adjustment)	2,286	Row 26e
Less amounts below prescribed threshold - risk weighted (4)	(2,286)	Row 75
Total per Capital Template (Internationally Comparable)	-	Row 10, 21, 25

(1) Represents the balance per Level 2 Regulatory Balance Sheet.
(2) Represents the balance of deferred tax asset net of deferred tax liability per Level 2 Regulatory Balance Sheet.
(3) Represents the deferred tax balances associated with reserves ineligible for inclusion in regulatory capital, 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 Capital.

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

Table E	31 Dec 18 $M	Template Reference
Additional Tier 1 Capital		
Total Loan Capital per Balance Sheet [1]	22,831	
Less fair value hedge adjustments [2]	(80)	
Total Loan Capital net of issue costs at their contractual values	22,751	
Less amount related to Tier 2 Capital Instruments	(13,624)	
Total Tier 1 Loan Capital	9,127	
Add ASB perpetual Shares transferred from Non Controlling interest (refer Table B)	505	
Add issue costs [3]	60	
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)	9,692	Row 36
Additional Tier 1 Capital Instruments comprises		
Basel III Complying Instruments		
PERLS VII	3,000	
PERLS VIII	1,450	
PERLS IX	1,640	
PERLS X	1,365	
PERLS XI	1,590	
	9,045	Row 32
Basel III Non Complying Instruments		
Other Instruments	142	
Less Basel III transitional relief amortisation for directly issued instruments [4]	-	Row 83
	142	Row 33
Basel III Non Complying Instruments - issued by subsidiaries		
ASB preference shares	505	
Less Basel III transitional relief amortisation for instruments issued by subsidiaries [4]	-	Row 33
	505	Row 35
Total Basel III Non Complying Instruments	647	
Total Additional Tier 1 Capital Instruments (APRA)	9,692	Row 36

Table F	31 Dec 18 $M	Template Reference
Tier 2 Capital Instruments		
Total included in Balance Sheet	13,624	
Less amount of Tier 2 debt issued by subsidiary ineligible for inclusion in the Group's Capital [5]	(173)	
Add issue costs [3]	37	
Less amortisation of instruments [6]	(1,297)	
Less Basel III transitional relief amortisation for directly issued instruments [4]	-	Row 85
Total per Capital Template (APRA and Internationally Comparable)	12,191	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 Capital 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.
(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 www.commbank.com.au/investors

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

Table G	31 Dec 18 $M	Template Reference
Equity Investments		
Investment in commercial entities	**99**	Row 26g
Investments in significant financial entities	**2,792**	Row 26d, 73
Investments in non-significant financial entities	**222**	Row 26d, 72
	3,113	
Equity investment in non-consolidated subsidiaries	**2,887**	Row 26d, 73
Total Equity Investments before applying prescribed thresholds APRA specific adjustment (1)	**6,000**	
Less amounts risk weighted under Internationally Comparable (2)	**(6,000)**	
Total per Capital Template (Internationally Comparable)	**-**	Row 18, 19, 23

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

(2) The aggregate of investments in significant financial entities of $2,792 million, investments in non-significant financial entities of $222 million and equity investment in non-consolidated subsidiaries of $2,887 million is a total of $5,901 million and is included in row 26d in the Capital template. The BCBS allows for equity investments to be concessionally risk weighted provided they are below prescribed thresholds. APRA requires such items to be deducted 100% from CET1 capital. The remaining balance of $99 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), 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

Country (1)	RWA (2) $M	Jurisdictional Buffer %	ADI Specific Buffer (3) %	Template Reference
United Kingdom	6,208	1.000%	0.017%	
Hong Kong	629	1.875%	0.003%	
Norway	1,054	2.000%	0.006%	
Sweden	82	2.000%	0.000%	
Others	347,266	0.000%	0.000%	
Total	**355,239**		**0.026%**	**Row 66**

(1) Represents country of ultimate risk as at 31 December 2018.
(2) Represents total private sector (excludes Banks and Sovereigns) credit and specific market risk RWA.
(3) Calculated as each country share of total private sector credit and specific market RWA multiplied by the CCyB applicable in each country.

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 subsidiaries of other entities included in the table below.

Entity name	Total Assets $M	Total Liabilities $M
(a) Securitisation		
Medallion Trust Series 2017-1	1,708	1,710
Medallion Trust Series 2017-2	2,105	2,106
Medallion Trust Series 2018-1	1,634	1,635
Swan Trust Series 2010-1	68	68

Entity name	Total Assets $M	Total Liabilities $M
(b) Insurance and Funds Management		
Avanteos Investments Limited	77	26
Avanteos Pty Ltd	-	-
CFSPAI Europe Co Limited	1	-
CFSPAI Europe Holdco Limited	-	-
CISL (NO. 1) Pty Limited	-	-
CFSGAM Services Pty Limited	25	2
Colonial (UK) Trustees Limited	1	1
Colonial First State Asset Management (Australia) Limited	85	67
Colonial First State Investments Limited	780	335
Colonial First State Infrastructure Holdings Limited	16	6
Colonial First State Infrastructure Managers (Australia) Pty Limited	2	2
Colonial First State Managed Infrastructure Limited	17	6
Colonial Mutual Superannuation Pty Ltd	12	1
Colonial Services Pty Limited	-	-
Commonwealth Custodial Services Pty Ltd	-	-
Commonwealth Insurance Limited	1,007	773
EDIF II GP Sarl	6	5
Emerald Holding Company Pty Limited	-	-
First Gas Consolidated Group	2,007	1,480
First State European Diversified Infrastructure Sarl	2	1
First State Infrastructure Managers (International) Limited	3	3
First State Investments Fund Management Sarl	20	19
First State Investment Management (UK) Limited	183	100
First State Investment Services (UK) Limited	279	232
First State Investments (Hong Kong) Limited	154	80
First State Investments (Japan) Limited	-	-
First State Investments (NZ) Limited	-	-
First State Investments (Singapore)	62	36
First State Investments (UK) Limited	302	281
First State Investments (US) LLC	12	8
First State Investments GIP Management Sarl	1	-
First State Investments International Inc	-	-
First State Investments International Limited	63	29
First State Nominees (Hong Kong) Limited	-	-
Jacques Martin Administration and Consulting Pty Ltd	4	1
Premium Alternative Investments Pty Limited	-	-
Premium Plantations Pty Limited	-	-
Premium Plantations Services Pty Ltd	-	-
PT Commonwealth Life	734	535
PT First State Investments Indonesia	5	3
Realindex Investments Pty Limited	9	5
St Andrew's Australia Pty Ltd	-	-
The Colonial Mutual Life Assurance Society Limited	11,892	10,124
Total Keen Investment Limited	1	-
Water Utilities Group	87	9

11.6 List of APRA APS 330 Tables

The following schedule lists the quantitative tables in this document as referenced in APRA Prudential Standard APS 330 "Capital Adequacy: Public Disclosure" paragraphs 12, 49 and Attachments A to H.

(1) Details can be found at www.commbank.com.au/investors.

11.6 List of APRA APS 330 Tables (continued)

(1) Details can be found at www.commbank.com.au/investors.

11.7 List of Supplemental Tables and Diagrams

11.8 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.
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 Accounting Standards	The Australian Accounting Standards as issued by the Australian Accounting Standards Board (AASB).
Australian Prudential Regulation Authority (APRA)	The regulator of banks, insurance companies and superannuation funds, credit unions, building societies and friendly societies in Australia.
Authorised Deposit-taking Institution (ADI)	Includes banks, building societies and credit unions which are authorised by APRA to take deposits from customers.
ADI Prudential Standards (APS)	APRA's ADI Prudential Standards. For more information, refer to the APRA website.
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 2.5	Refers to the Basel II framework revised (2009) to include additional requirements such as the Incremental Risk Charge (IRC), Stressed VaR (SVaR), the treatment of securitisation exposures and the Comprehensive Risk Measure (CRM) for certain correlation trading activities.
Basel III	Refers to the Basel Committee on Banking Supervision's framework for more resilient banks and banking systems issued December 2010 (revised June 2011) and Capital requirements for bank exposures to central counterparties (July 2012).
BoComm Life	BoComm Life Insurance Company Limited – an associate of the Group.
CBA	Commonwealth Bank of Australia – the head entity of the Group.
Central counterparty (CCP)	A clearing house that interposes itself between counterparties to contracts traded in one or more financial markets, thereby ensuring the future performance of open contracts.
Collective provision	All loans and receivables that do not have an individually assessed provision are assessed collectively for impairment. The collective provision is maintained to reduce the carrying value of the portfolio of loans to their estimated recoverable amounts. These provisions are reported in the Group's Financial Statements in accordance with Australian Accounting Standards (AASB 9 Financial Instruments) which was adopted by the Group on 1 July 2018.
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.

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 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.
Exposure at Default (EAD)	The extent to which a bank may be exposed upon default of an obligor.
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 ADI's exposures to related entities.
External Credit Assessment Institution (ECAI)	For example: Moody's Investor Services, S&P Global Ratings or Fitch Ratings.
General Reserve for Credit Losses (GRCL)	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 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.
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 Financial Instruments). 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 ELE 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.
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)	The fraction of EAD that is not expected to be recovered following default.
Net Cash Outflows	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.

11.8 Glossary (continued)

Term	Definition
Net Stable Funding Ratio (NSFR)	The NSFR 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.
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. For more information, refer to the APRA website.
SARB	South African Reserve Bank.
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	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 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 (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.
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.