ASX announcement

2020 Basel III Pillar 3 Disclosure as at 31 December 2019

Wednesday 12 February 2020 (SYDNEY): Commonwealth Bank of Australia (CBA) today provides the attached 2020 Basel III Pillar 3 Disclosure as at 31 December 2019.

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The release of this announcement was authorised by Kara Nicholls, Group Company Secretary.

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Basel III Pillar 3

Capital Adequacy and Risk

Disclosures as at 31 December 2019

CommonwealthBank

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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.

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

Commbank.com.au/regulatorydisclosures

The Group in Review

Group Capital Ratios

As at 31 December 2019, the Group's Basel III Common Equity Tier 1 (CET1), Tier 1 and Total Capital ratios as measured on an APRA basis were 11.7%, 14.1% and 17.4% respectively. The Basel III CET1 ratio was 17.5% on an internationally comparable basis as at 31 December 2019.

Leverage Ratio

The Group's Leverage Ratio, which is defined as Tier 1 Capital as a percentage of total exposures was 6.1% at 31 December 2019 on an APRA basis and 7.0% on an internationally comparable basis.

Liquidity Ratio

The Liquidity Coverage Ratio (LCR) requires Australian ADIs to hold sufficient liquid assets to meet 30 day net cash outflows projected under an APRA-prescribed stress scenario. The Group maintained an average LCR of 134% in the December 2019 quarter.

Net Stable Funding Ratio

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 113% at 31 December 2019 quarter.

Policy Framework

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

The Group continues to monitor and take actions to enhance and strengthen its risk culture. This includes a risk appetite framework and a risk accountability (Three Lines of Accountability) 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 Accountability model requires business management to operate responsibly by taking well understood and managed risks that are appropriately and adequately priced.

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

The Group's capital forecasting process and capital plans are in place to ensure a sufficient capital buffer above minimum levels is maintained at all times. The Group manages its capital by regularly and simultaneously considering regulatory capital requirements, rating agency views on the capital required to maintain the Group's credit rating, the market response to capital levels, 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 (BU). The results are integrated into the Group's risk-adjusted performance and pricing processes.

Summary Group Capital Adequacy Ratios (Level 2)	31 Dec 19 %	30 Jun 19 %	31 Dec 18 %
Common Equity Tier 1	**11.7**	10.7	10.8
Tier 1	**14.1**	12.7	12.9
Tier 2	**3.3**	2.8	2.9
Total Capital (APRA)	**17.4**	15.5	15.8
Common Equity Tier 1 (Internationally Comparable) (1)	**17.5**	16.2	16.5

(1) 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 "Public Disclosure" (APS330).

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.

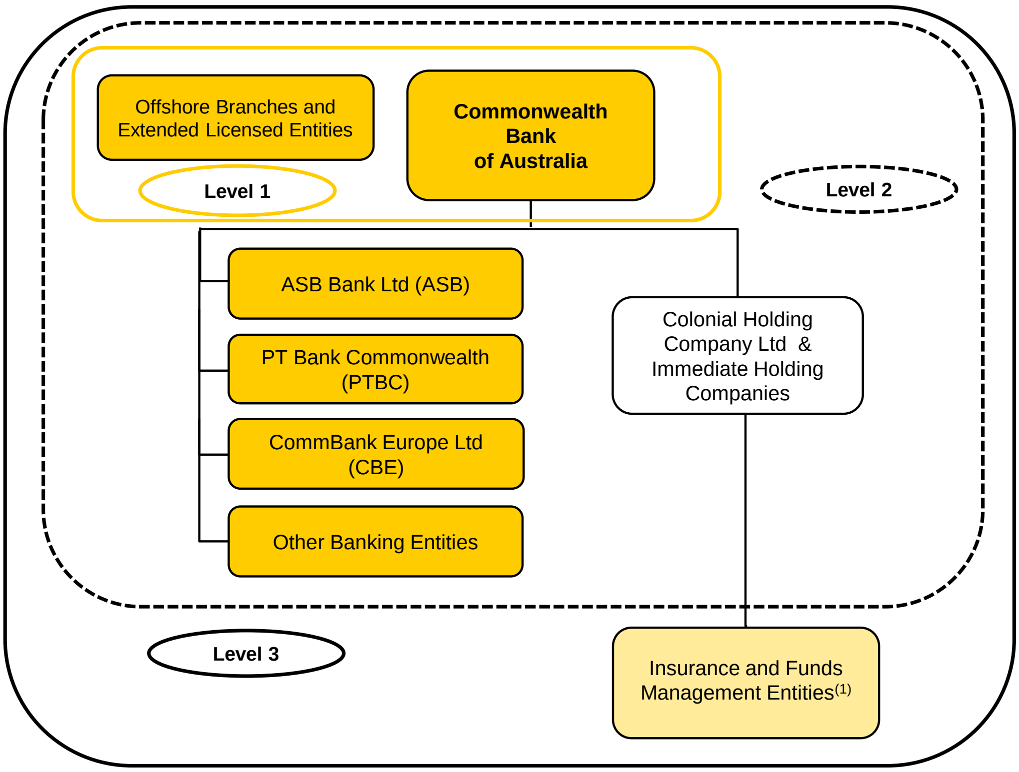
On 1 November 2019, the Group entered into a Joint Cooperation agreement (JCA) with AIA Group Limited (AIA) in respect of its Australian life insurance operation, which includes Colonial Mutual Life Assurance Society Limited (CMLA) and certain affiliated companies. Under the JCA, control over CommInsure Life together with all associated economic interests (excluding BoCommLife) transferred to AIA. As a result, CommInsure Life was deconsolidated on 1 November 2019.

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" (APS 222) 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 1.0% and a countercyclical capital buffer (CCyB)[(1)] of 0% (effective from 1 January 2016), bringing the CET1 requirement to at least 8.0%.

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 and forecast 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. A detailed capital and strategic plan is presented to the Board annually.

Capital Position

The Bank's CET1 ratio (APRA) was 11.7% as at 31 December 2019, an increase of 100 basis points on 30 June 2019 and 90 basis points on 31 December 2018.

The increase of 100 basis points for the half year ended 31 December 2019 was driven by capital generated from earnings (+100 basis points), the completion of the divestment of CFSGAM and implementation of the CommInsure Life JCA with AIA (+83 basis points), a reduction in underlying RWA's (+27 basis points), and the removal of the General Reserve for Credit Losses (GRCL) regulatory adjustment (+10 basis points). This was partly offset by the 2019 final dividend (-90 basis points), the impact of regulatory changes from SA-CCR and AASB 16 (Leases) (-23 basis points), and the strategic investment in Klarna (-10 basis points).

The CET1 ratio was consistently well in excess of regulatory minimum capital adequacy requirements at all times throughout the half year ended 31 December 2019.

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

Capital Initiatives

The following significant capital initiatives were undertaken during the half year ended 31 December 2019:

Common Equity Tier 1 Capital

- The Dividend Reinvestment Plan (DRP) in respect of the 2019 final dividend was satisfied in full by the on-market purchase of shares. The participation rate for the final DRP was 15.0%.

Additional Tier 1 Capital

- In November 2019, the Bank issued $1.65 billion of CommBank PERLS XII Capital Notes (PERLS XII) that are Basel III compliant Additional Tier 1 capital.

Additional Tier 2 Capital

- In September 2019, the Bank issued two USD 1.25 billion subordinated notes and an AUD 100 million subordinated note that were all Basel III compliant Tier 2 capital.

Regulatory Changes

Unquestionably strong capital ratios

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

APRA's expectation is that the Australian major banks will operate for the majority of the year with a CET1 ratio of 10.5% or more by 1 January 2020. As at 31 December 2019, the Group's CET1 ratio was 11.7%, and was above the 10.5% benchmark for the majority of the 2019 calendar year.

In calendar years 2018 and 2019, APRA issued a number of consultation documents to propose revisions to the overall design of the capital framework. APRA has advised that the proposed changes to the capital framework have been accommodated within the 10.5% CET1 target set by APRA in July 2017.

APRA

In February 2018 APRA released "Discussion paper – Revisions to the capital framework for authorised deposit-taking institutions" in response to the Basel Committee on Banking Supervision's (BCBS) release of "Basel III: Finalising post-crisis reforms" in December 2017. APRA's proposals 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;
- Mandated Loss Given Default (LGD) and Exposure At Default (EAD) estimates for certain non-retail portfolios;
- Replacing the Operational Risk Advanced Measurement Approach with a single risk sensitive standardised approach for all banks; and
- Implementation of a 72.5% output floor on the amount of total RWA (without transitional phasing).

In August 2018, APRA released "Discussion paper – Improving the transparency, comparability and flexibility of the ADI capital framework". The focus of the proposal is presentation of capital ratios to increase international comparability, transparency and flexibility of the capital framework without altering the quantum and risk sensitivity of capital ratios.

In June 2019, APRA released draft prudential standards on the standardised approach to measuring Credit Risk and Operational Risk Weighted Assets. In addition, APRA is proposing a simpler method for calculating capital requirements for residential mortgages measured under the Internal Ratings Based (IRB) approach.

In July 2019, APRA released its response to the submissions for the November 2018 "Discussion Paper – Increasing the loss-absorbing capacity of ADIs to support orderly resolution". APRA confirmed that the Australian loss-absorbing capacity (LAC) regime will be established under the existing capital framework. For domestically systemically important banks (D-SIBs), such as CBA, APRA will require an additional Total Capital requirement of 3% of RWA, effective from 1 January 2024. APRA further noted that its long term target of 4% to 5% of LAC remains unchanged and will consider feasible alternative methods for raising the additional 1% to 2% over the next four years, in consultation with industry and other stakeholders.

In September 2019, APRA released draft prudential standards on the measurement of IRRBB. APRA is proposing to standardise aspects of the internal modelling approach, remove the basis risk add-on and extend risk management requirements to all ADIs.

In October 2019, APRA released a consultation paper on APS111 Capital Adequacy Measurement of Capital prudential standard. The consultation paper outlines, among others, APRA's proposal to change its existing approach on equity exposures to banking and insurance subsidiaries of ADIs. APRA has proposed that each individual equity exposure will be risk-weighted at 250% up to 10% of the ADI's Level 1 CET1 capital, with any excess above that threshold to be deducted from CET1 capital.

APRA intends to implement the Operational risk and APS111 reforms on 1 January 2021. All other capital framework reforms will be implemented on 1 January 2022.

Basel Committee on Banking Supervision (BCBS)

In January 2019, the BCBS released "Minimum capital requirements for market risk" which finalised changes to the identification and measurement of market risk under both the standardised approach and the internal model approach. APRA is expected to consult on these changes in 2020, with a view to implement in 2023.

Reserve Bank of New Zealand (RBNZ)

In December 2019, the RBNZ has confirmed that the RWA of internal ratings based banks, such as ASB, will increase to approximately 90% of that required under a standardised approach. In addition, for those banks deemed systemically important, including ASB, the Tier 1 capital requirement will increase to 16% of RWA, of which 13.5% must be in the form of CET1 capital. Tier 2 capital will remain in the framework, and can contribute up to 2% of the 18% minimum Total capital ratio. Existing Additional Tier 1 and Tier 2 contingent instruments issued by New Zealand banks will no longer be eligible under RBNZ's new capital criteria and will be phased out over the transition period of 7 years, starting from 1 July 2020.

Other Reforms

In August 2019, APRA released the final APS222: Associations with Related Entities prudential standard. The revised standard is intended to strengthen the ability of ADI's to monitor, limit and control risk arising from transactions and other associations with related entities. Key changes include the revision to the limit for exposure for ADIs from 50% of Total Capital to 25% of Tier 1 capital. These new requirements will be in place from 1 January 2021.

Capital

Group Regulatory Capital Position

Summary Group Capital Adequacy Ratios (Level 2)	31 Dec 19 %	30 Jun 19 %	31 Dec 18 %
Common Equity Tier 1	**11. 7**	10. 7	10. 8
Tier 1	**14. 1**	12. 7	12. 9
Tier 2	**3. 3**	2. 8	2. 9
Total Capital (APRA)	**17. 4**	15. 5	15. 8
Common Equity Tier 1 (Internationally Comparable) (1)	**17. 5**	16. 2	16. 5

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

	APRA 31 Dec 19 $M	APRA 30 Jun 19 $M	APRA 31 Dec 18 $M
Ordinary Share Capital and Treasury Shares (1)	**38,180**	38,214	38,283
Reserves	**1,903**	3,144	2,124
Retained earnings	**30,808**	28,045	27,525
Non-controlling interests	**-**	-	-
Common Equity Tier 1 Capital before regulatory adjustments	**70,891**	69,403	67,932
Common Equity Tier 1 regulatory adjustments	**(18,511)**	(21,036)	(19,906)
Common Equity Tier 1 Capital	**52,380**	48,367	48,026
Additional Tier 1 Capital	**10,838**	8,988	9,492
Tier 1 Capital	**63,218**	57,355	57,518
Tier 2 Capital	**14,735**	12,750	12,932
Total Capital	**77,953**	70,105	70,450

(1) At 31 December 2019 inclusive of Treasury shares associated with employee share scheme trusts ($54 million).

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

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

Significant Group ADIs	31 Dec 19 %	30 Jun 19 %	31 Dec 18 %
CBA Level 1 CET1 Capital ratio	**12. 1**	11. 2	11. 3
CBA Level 1 Tier 1 Capital ratio	**14. 6**	13. 1	13. 3
CBA Level 1 Total Capital ratio	**18. 0**	16. 1	16. 3
ASB CET1 Capital ratio	**11. 7**	11. 4	11. 5
ASB Tier 1 Capital ratio	**13. 5**	13. 2	13. 3
ASB Total Capital ratio	**14. 2**	14. 0	14. 8

CBA Level 1	31 Dec 19 $M	30 Jun 19 $M	31 Dec 18 $M
Common Equity Tier 1 Capital	**52,629**	47,398	47,050
Tier 1 Capital	**63,467**	55,430	55,086
Tier 2 Capital	**14,507**	12,507	12,408
Total Capital	**77,974**	67,937	67,494
Risk Weighted Assets	**433,275**	422,354	415,277

ASB Level 1	31 Dec 19 NZ$M	30 Jun 19 NZ$M	31 Dec 18 NZ$M
Common Equity Tier 1 Capital	**6,651**	6,404	6,315
Tier 1 Capital	**7,651**	7,404	7,315
Tier 2 Capital	**429**	430	829
Total Capital	**8,080**	7,834	8,144
Risk Weighted Assets	**56,784**	56,073	54,867

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 2019, the Group's internationally comparable CET1, Tier 1 and Total Capital ratios were 17.5%, 20.5% and 24.6% respectively. The basis of this analysis aligns with the APRA study.

The following table provides details on the differences, as at 31 December 2019, 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)			**11. 7**	**14. 1**	**17. 4**
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. 3	0. 3
IRRBB RWA	3.3.2	APRA requires capital to be held for IRRBB. The BCBS does not have any capital requirement.	0. 2	0. 3	0. 4
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. 3	2. 8	3. 3
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. 4	0. 5	0. 6
Non-retail undrawn commitments	3.3.4	Credit conversion factor of 75%, compared to 100% under APRA's requirements.	0. 4	0. 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. 8	0. 9	1. 1
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)			**17. 5**	**20. 5**	**24. 7**
Basel III non-compliant instruments		Removal of Basel III non compliant Tier 1 and Tier 2 instruments that are currently subject to transitional rules.	-	-	(0. 1)
Basel III (Internationally Comparable - aligns with APRA study)			**17. 5**	**20. 5**	**24. 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 6.1% at 31 December 2019 on an APRA basis and 7.0% on an internationally comparable basis.

In November 2018, APRA released draft prudential and reporting standards, including changes to the definition of exposures related to derivatives and off Balance Sheet items and advocating a minimum Leverage Ratio requirement of 3.5% for IRB banks, applicable from 1 January 2022.

Summary Group Leverage Ratio [(1)]	31 Dec 19	30 Sep 19	30 Jun 19	31 Mar 19	31 Dec 18
Tier 1 Capital ($M)	**63,218**	57,941	57,355	55,381	57,518
Total Exposures ($M) [(2)]	**1,040,423**	1,051,716	1,023,181	1,023,593	1,026,240
Leverage Ratio (APRA) (%)	**6.1**	5. 5	5. 6	5. 4	5. 6
Leverage Ratio (Internationally Comparable) (%) [(3)]	**7.0**	6. 4	6. 5	6. 2	6. 4

(1) Refer to Appendix 11.2 for further details on the composition of the Leverage Ratio.

(2) 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".

(3) 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 "Securitisation" (APS 120) prohibits the Group from 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 2019 half	
	31 Dec 19	30 Jun 19	31 Dec 18		
Asset Category	$M	$M	$M	$M	%
Credit Risk					
Subject to AIRB approach [1]					
Corporate	**67,236**	64,683	68,915	2,553	3. 9
SME corporate	**31,560**	30,478	30,121	1,082	3. 6
SME retail	**5,976**	6,896	5,400	(920)	(13. 3)
SME retail secured by residential mortgage	**3,314**	3,335	3,415	(21)	(0. 6)
Sovereign	**1,682**	2,456	2,330	(774)	(31. 5)
Bank	**7,964**	9,451	9,741	(1,487)	(15. 7)
Residential mortgage	**147,865**	147,956	143,017	(91)	(0. 1)
Qualifying revolving retail	**7,802**	8,486	8,942	(684)	(8. 1)
Other retail	**13,490**	13,990	15,729	(500)	(3. 6)
Total RWA subject to AIRB approach	**286,889**	287,731	287,610	(842)	(0. 3)
Specialised lending	**56,024**	53,796	53,453	2,228	4. 1
Subject to standardised approach					
Corporate	**1,309**	1,590	1,406	(281)	(17. 7)
SME corporate	**756**	822	1,034	(66)	(8. 0)
SME retail	**4,586**	4,628	5,010	(42)	(0. 9)
Sovereign	**218**	233	222	(15)	(6. 4)
Bank	**66**	66	53	-	-
Residential mortgage	**6,478**	6,732	6,632	(254)	(3. 8)
Other retail	**1,225**	1,256	1,493	(31)	(2. 5)
Other assets	**9,752**	8,854	5,674	898	10. 1
Total RWA subject to standardised approach	**24,390**	24,181	21,524	209	0. 9
Securitisation	**3,191**	2,905	3,049	286	9. 8
Credit valuation adjustment	**4,358**	2,932	2,729	1,426	48. 6
Central counterparties	**365**	1,029	991	(664)	(64. 5)
Total RWA for credit risk exposures	**375,217**	372,574	369,356	2,643	0. 7
Traded market risk	**5,428**	10,485	5,263	(5,057)	(48. 2)
Interest rate risk in the banking book	**8,998**	9,898	13,872	(900)	(9. 1)
Operational risk	**59,511**	59,805	56,653	(294)	(0. 5)
Total risk weighted assets	**449,154**	452,762	445,144	(3,608)	(0. 8)

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

Risk Weighted Assets

Risk Weighted Assets

Total Group RWA decreased by $3.6 billion or 1% on the prior half due to lower Traded Market Risk, Interest Rate Risk in the Banking Book and Operational Risk RWA; partly offset by higher Credit Risk RWA.

Credit Risk RWA

Credit risk RWA increased by $2.6 billion or 0.7% on the prior half, driven by:

- Volume reductions mostly in non-retail and standardised portfolios, consumer credit cards and personal loans, partly offset by volume growth predominantly in residential mortgages and specialised lending portfolios (decreased by $2.5 billion);
- Foreign currency movements (increased by $0.4 billion);
- The implementation of SA-CCR and AASB 16 (Leases) (increased by $7.6 billion);
- Changes in credit risk estimates and regulatory treatments;
- Data and methodology changes (decreased by $0.8 billion); and
- Credit quality improvements across consumer retail and bank portfolios, central counterparties and credit valuation adjustments, partly offset by a reduction in credit quality across most non-retail portfolios (decreased by $2.0 billion).

Traded Market Risk RWA

Traded Market Risk RWA decreased by $5.1 billion or 48% on the prior half, driven mainly by the Stressed Value-at- Risk (SVaR) component under the internal model approach. This resulted from a reduction in conservatively modelled risk positions in the previous period.

Interest Rate Risk in the Banking Book (IRRBB) RWA

IRRBB RWA decreased by $0.9 billion or 9% on the prior half. This decrease was mainly due to interest rate risk management activity, updated basis risk modelling and increased embedded gains due to lower domestic and offshore interest rates.

Operational Risk RWA

Operational Risk RWA decreased by $0.3 billion on the prior half. This decrease 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.

The Operational Risk RWA includes the $12.5 billion add-on required by APRA following the Prudential Inquiry findings dated 30 April 2018.

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 19 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	**4,922**	(1,305)	249	4,488	50	1,440
AIRB bank	**(1,487)**	(787)	4	(411)	-	(293)
AIRB sovereign	**(774)**	(1,166)	2	(333)	-	723
AIRB consumer retail	**(1,275)**	2,739	92	140	(480)	(3,766)
Standardised (including other assets, CCP and CVA)	**971**	(2,190)	42	3,651	(334)	(198)
Securitisation exposures	**286**	174	-	40	-	72
Total credit risk RWA movement	**2,643**	**(2,535)**	**389**	**7,575**	**(764)**	**(2,022)**

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 2019						
		Off Balance Sheet					
Portfolio Type	On Balance Sheet $M	Non-market related $M	Market related $M	Total $M	Average exposure for December 2019 half (1) $M	Change in exposure for December 2019 half (2) $M	%
Subject to AIRB approach							
Corporate	67,614	44,267	9,676	**121,557**	120,201	2,713	2. 3
SME corporate	42,818	8,398	608	**51,824**	51,946	(244)	(0. 5)
SME retail	6,970	3,637	-	**10,607**	10,762	(310)	(2. 8)
SME retail secured by residential mortgage	4,112	1,492	-	**5,604**	5,666	(123)	(2. 1)
Sovereign	87,248	1,225	2,235	**90,708**	90,307	803	0. 9
Bank	19,206	377	7,226	**26,809**	30,225	(6,831)	(20. 3)
Residential mortgage	518,096	72,922	-	**591,018**	584,377	13,282	2. 3
Qualifying revolving retail	9,977	16,702	-	**26,679**	27,024	(692)	(2. 5)
Other retail	7,610	3,072	-	**10,682**	10,926	(489)	(4. 4)
Total AIRB approach	763,651	152,092	19,745	**935,488**	931,434	8,109	0. 9
Specialised lending	53,751	8,821	1,658	**64,230**	62,747	2,964	4. 8
Subject to standardised approach							
Corporate	1,155	150	4	**1,309**	1,450	(281)	(17. 7)
SME corporate	596	160	-	**756**	789	(66)	(8. 0)
SME retail	3,664	719	199	**4,582**	4,605	(46)	(1. 0)
Sovereign	474	1	-	**475**	484	(20)	(4. 0)
Bank	319	-	-	**319**	317	4	1. 3
Residential mortgage	12,693	1,723	-	**14,416**	14,675	(517)	(3. 5)
Other retail	1,196	28	-	**1,224**	1,236	(25)	(2. 0)
Other assets	16,678	-	-	**16,678**	15,606	2,145	14. 8
Central counterparties	-	-	9,014	**9,014**	8,502	1,025	12. 8
Total standardised approach	36,775	2,781	9,217	**48,773**	47,664	2,219	4. 8
Total credit exposures (3)	854,177	163,694	30,620	**1,048,491**	1,041,845	13,292	1. 3

(1) The simple average of balances as at 31 December 2019 and 30 June 2019.
(2) The difference between exposures as at 31 December 2019 and 30 June 2019.
(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	**5,000**	Implementation of SA-CCR and FX movements partly offset by volume reductions across most portfolios.
AIRB sovereign	**803**	Implementation of SA-CCR and FX movements partly offset by a reduction in liquid assets.
AIRB bank	**(6,831)**	Reduction in liquid assets and implementation of SA-CCR.
AIRB consumer retail	**12,101**	Volume growth in residential mortgages and FX; partly offset by reductions in other consumer retail portfolios.
Total AIRB and specialised lending	**11,073**	
Standardised including other assets and central counterparties	**2,219**	Implementation of SA-CCR and AASB 16 ‘Leases’; partly offset by reductions in volumes and revisions to data and regulatory treatments.
Total excluding securitisation and equity exposures	**13,292**	

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

	30 June 2019						
		Off Balance Sheet					
	On Balance Sheet	Non-market related	Market related	Total	Average exposure for June 2019 half [1]	Change in exposure for June 2019 half [2]	
Portfolio Type	$M	$M	$M	$M	$M	$M	%
Subject to AIRB approach							
Corporate	67,899	44,298	6,647	118,844	121,873	(6,057)	(4. 8)
SME corporate	43,564	8,097	407	52,068	51,731	673	1. 3
SME retail	7,424	3,493	-	10,917	11,079	(324)	(2. 9)
SME retail secured by residential mortgage	4,305	1,422	-	5,727	5,818	(183)	(3. 1)
Sovereign	86,962	1,087	1,856	89,905	90,356	(902)	(1. 0)
Bank	25,029	448	8,163	33,640	33,900	(519)	(1. 5)
Residential mortgage	506,757	70,979	-	577,736	572,545	10,382	1. 8
Qualifying revolving retail	10,189	17,182	-	27,371	27,835	(928)	(3. 3)
Other retail	8,055	3,116	-	11,171	11,216	(89)	(0. 8)
Total AIRB approach	760,184	150,122	17,073	927,379	926,353	2,053	0. 2
Specialised lending	52,235	7,944	1,087	61,266	61,103	325	0. 5
Subject to standardised approach							
Corporate	1,296	175	119	1,590	1,506	167	11. 7
SME corporate	642	177	3	822	928	(212)	(20. 5)
SME retail	3,798	747	83	4,628	4,814	(372)	(7. 4)
Sovereign	494	1	-	495	493	4	0. 8
Bank	315	-	-	315	285	61	24. 0
Residential mortgage	13,162	1,771	-	14,933	14,727	412	2. 8
Other retail	1,208	41	-	1,249	1,370	(243)	(16. 3)
Other assets	14,533	-	-	14,533	12,956	3,155	27. 7
Central counterparties	-	-	7,989	7,989	7,628	722	9. 9
Total standardised approach	35,448	2,912	8,194	46,554	44,707	3,694	8. 6
Total credit exposures [3]	847,867	160,978	26,354	1,035,199	1,032,163	6,072	0. 6

(1) The simple average of balances as at 30 June 2019 and 31 December 2018.
(2) The difference between exposures as at 30 June 2019 and 31 December 2018.
(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)

	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.

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

Portfolio Type	As at 31 Dec 19 $M	Half year average [1] $M
Corporate	**122,866**	121,650
SME corporate	**52,580**	52,734
SME retail	**15,189**	15,367
SME retail secured by residential mortgage	**5,604**	5,666
Sovereign	**91,183**	90,792
Bank	**27,128**	30,542
Residential mortgage	**605,434**	599,052
Qualifying revolving retail	**26,679**	27,024
Other retail	**11,906**	12,162
Specialised lending	**64,230**	62,748
Other assets	**16,678**	15,606
Central counterparties	**9,014**	8,502
Total credit exposures [2]	**1,048,491**	1,041,845

Portfolio Type	As at 30 Jun 19 $M	Half year average [1] $M
Corporate	120,434	123,379
SME corporate	52,890	52,659
SME retail	15,545	15,893
SME retail secured by residential mortgage	5,727	5,818
Sovereign	90,400	90,849
Bank	33,955	34,184
Residential mortgage	592,669	587,272
Qualifying revolving retail	27,371	27,835
Other retail	12,420	12,586
Specialised lending	61,266	61,104
Other assets	14,533	12,956
Central counterparties	7,989	7,628
Total credit exposures [2]	1,035,199	1,032,163

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

(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 2019 [1]			
Portfolio Type	Australia $M	New Zealand $M	Other $M	Total $M
Corporate	73,582	12,311	36,973	**122,866**
SME corporate	36,759	15,195	626	**52,580**
SME retail [2]	17,348	3,233	212	**20,793**
Sovereign	53,485	4,121	33,577	**91,183**
Bank	11,152	1,887	14,089	**27,128**
Residential mortgage	540,242	63,601	1,591	**605,434**
Qualifying revolving retail	26,677	-	2	**26,679**
Other retail	7,759	3,746	401	**11,906**
Specialised lending	51,738	8,473	4,019	**64,230**
Other assets	14,544	1,038	1,096	**16,678**
Central counterparties	381	-	8,633	**9,014**
Total credit exposures [3]	833,667	113,605	101,219	**1,048,491**

	30 June 2019 [1]			
Portfolio Type	Australia $M	New Zealand $M	Other $M	Total $M
Corporate	71,274	11,424	37,736	120,434
SME corporate	37,369	14,740	781	52,890
SME retail [2]	17,876	3,177	219	21,272
Sovereign	53,481	3,476	33,443	90,400
Bank	16,357	1,714	15,884	33,955
Residential mortgage	529,090	61,936	1,643	592,669
Qualifying revolving retail	27,369	-	2	27,371
Other retail	8,293	3,757	370	12,420
Specialised lending	49,043	7,854	4,369	61,266
Other assets	12,883	626	1,024	14,533
Central counterparties	746	-	7,243	7,989
Total credit exposures [3]	823,781	108,704	102,714	1,035,199

	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

(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 2019							
	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	-	-	3,624	-	-	26,270	2,970	8,801
SME corporate	-	-	3,101	-	-	1,666	17,438	143
SME retail (1)	-	-	3,290	-	-	357	1,787	116
Sovereign	-	-	-	91,183	-	-	-	-
Bank	-	-	-	-	27,128	-	-	-
Residential mortgage	605,434	-	-	-	-	-	-	-
Qualifying revolving retail	-	26,679	-	-	-	-	-	-
Other retail	-	11,552	354	-	-	-	-	-
Specialised lending	-	-	13	-	-	-	1	1,244
Other assets	-	2,570	-	-	-	-	-	-
Central counterparties	-	-	-	-	978	8,036	-	-
Total credit exposures (2)	605,434	40,801	10,382	91,183	28,106	36,329	22,196	10,304

	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	9,976	6,439	2,931	9,427	15,994	11,144	25,290	**122,866**
SME corporate	2,965	174	2,626	7,679	1,462	244	15,082	**52,580**
SME retail (1)	846	17	1,629	2,513	458	2,339	7,441	**20,793**
Sovereign	-	-	-	-	-	-	-	**91,183**
Bank	-	-	-	-	-	-	-	**27,128**
Residential mortgage	-	-	-	-	-	-	-	**605,434**
Qualifying revolving retail	-	-	-	-	-	-	-	**26,679**
Other retail	-	-	-	-	-	-	-	**11,906**
Specialised lending	63	2,312	-	261	2,354	55,966	2,016	**64,230**
Other assets	-	-	-	-	-	-	14,108	**16,678**
Central counterparties	-	-	-	-	-	-	-	**9,014**
Total credit exposures (2)	13,850	8,942	7,186	19,880	20,268	69,693	63,937	**1,048,491**

(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 2019							
	Industry Sector							
	Residential mortgage	Other personal	Asset finance	Sovereign	Bank	Other finance	Agriculture	Mining
Portfolio Type	$M	$M	$M	$M	$M	$M	$M	$M
Corporate	-	-	3,517	-	-	25,086	3,038	8,057
SME corporate	-	-	2,936	-	-	1,680	17,445	180
SME retail [1]	-	-	3,549	-	-	390	1,808	122
Sovereign	-	-	-	90,400	-	-	-	-
Bank	-	-	-	-	33,955	-	-	-
Residential mortgage	592,669	-	-	-	-	-	-	-
Qualifying revolving retail	-	27,371	-	-	-	-	-	-
Other retail	-	12,140	280	-	-	-	-	-
Specialised lending	-	-	80	-	-	-	1	1,620
Other assets	-	2,418	-	-	-	-	-	-
Central counterparties	-	-	-	-	742	7,247	-	-
Total credit exposures [2]	592,669	41,929	10,362	90,400	34,697	34,403	22,292	9,979

	Industry Sector							
	Manufacturing	Energy	Construction	Retail/ wholesale trade	Transport and storage	Property [3]	Other	Total
Portfolio Type	$M	$M	$M	$M	$M	$M	$M	$M
Corporate	10,814	5,832	2,888	9,676	15,584	10,807	25,135	120,434
SME corporate	2,950	124	2,744	7,482	1,528	411	15,410	52,890
SME retail [1]	806	18	1,650	2,496	461	2,412	7,560	21,272
Sovereign	-	-	-	-	-	-	-	90,400
Bank	-	-	-	-	-	-	-	33,955
Residential mortgage	-	-	-	-	-	-	-	592,669
Qualifying revolving retail	-	-	-	-	-	-	-	27,371
Other retail	-	-	-	-	-	-	-	12,420
Specialised lending	61	2,157	-	246	2,493	52,944	1,664	61,266
Other assets	-	-	-	-	-	-	12,115	14,533
Central counterparties	-	-	-	-	-	-	-	7,989
Total credit exposures [2]	14,631	8,131	7,282	19,900	20,066	66,574	61,884	1,035,199

(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 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 REITs and excludes Business Services.

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

	31 December 2019				
	≤ 12mths	1 ≤ 5yrs	> 5 years	No specified maturity	Total
Portfolio Type	$M	$M	$M	$M	$M
Corporate	41,511	69,508	11,847	-	**122,866**
SME corporate	20,812	28,031	3,737	-	**52,580**
SME retail (1)	7,308	7,623	5,862	-	**20,793**
Sovereign	25,440	33,310	32,433	-	**91,183**
Bank	11,539	14,012	1,577	-	**27,128**
Residential mortgage	15,896	56,401	496,497	36,640	**605,434**
Qualifying revolving retail	-	-	-	26,679	**26,679**
Other retail	202	4,840	2,636	4,228	**11,906**
Specialised lending	20,060	38,741	5,429	-	**64,230**
Other assets	4,916	364	511	10,887	**16,678**
Central counterparties	3,477	4,284	1,253	-	**9,014**
Total credit exposures (2)	151,161	257,114	561,782	78,434	**1,048,491**

	30 June 2019				
	≤ 12mths	1 ≤ 5yrs	> 5 years	No specified maturity	Total
Portfolio Type	$M	$M	$M	$M	$M
Corporate	38,873	70,106	11,455	-	120,434
SME corporate	20,751	28,146	3,993	-	52,890
SME retail (1)	7,322	7,978	5,972	-	21,272
Sovereign	23,449	31,697	35,254	-	90,400
Bank	15,201	16,708	2,046	-	33,955
Residential mortgage	15,920	54,939	483,145	38,665	592,669
Qualifying revolving retail	-	-	-	27,371	27,371
Other retail	483	4,636	3,023	4,278	12,420
Specialised lending	20,863	35,677	4,726	-	61,266
Other assets	2,885	524	248	10,876	14,533
Central counterparties	1,996	3,446	2,547	-	7,989
Total credit exposures (2)	147,743	253,857	552,409	81,190	1,035,199

	31 December 2018				
	≤ 12mths	1 ≤ 5yrs	> 5 years	No specified maturity	Total
Portfolio Type	$M	$M	$M	$M	$M
Corporate	43,373	71,834	11,117	-	126,324
SME corporate	18,351	29,633	4,445	-	52,429
SME retail (1)	5,879	11,709	4,563	-	22,151
Sovereign	29,969	30,166	31,163	-	91,298
Bank	15,845	18,492	76	-	34,413
Residential mortgage	14,628	49,923	477,665	39,659	581,875
Qualifying revolving retail	-	-	-	28,299	28,299
Other retail	166	5,814	2,863	3,909	12,752
Specialised lending	22,806	33,047	5,088	-	60,941
Other assets	2,793	533	179	7,873	11,378
Central counterparties	2,619	4,459	189	-	7,267
Total credit exposures (2)	156,429	255,610	537,348	79,740	1,029,127

(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" (APS 220). 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. Effective 31 December 2019 the Group's GRCL methodology has been aligned to the methodology for collective provisions under the AASB 9 standard which prescribes lifetime expected credit losses on stage 2 loans that have experienced Significant Increase in Credit Risk (SICR) since origination.

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

	31 December 2019		
	General reserve for credit losses (1) $M	Specific provision (1) $M	Total provisions $M
Collective provision (2)	3,663	404	**4,067**
Individual provisions (2)	-	959	**959**
Total provisions	3,663	1,363	**5,026**
Additional GRCL requirement (3)	-	-	**-**
Total regulatory provisions	3,663	1,363	**5,026**

(1) Provisions classified according to APS 220 "Credit Quality".
(2) Provisions according to the Australian Accounting Standards.
(3) Effective 31 December 2019, the Group's GRCL methodology results in an amount lower than the provision recognised for accounting purposes, resulting in no additional GRCL requirement.

	30 June 2019		
	General reserve for credit losses (1) $M	Specific provision (1) $M	Total provisions $M
Collective provision (2)	3,510	394	3,904
Individual provisions (2)	-	895	895
Total provisions	3,510	1,289	4,799
Additional GRCL requirement (3)	515	-	515
Total regulatory provisions	4,025	1,289	5,314

(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 $515 million in order to maintain the required minimum GRCL.

	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.

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 2019				
Industry Sector	Impaired assets $M	Past due loans ≥ 90 days (1) $M	Specific provision balance (2) $M	Net half year charges for individual provisions $M	Half year actual losses (3) $M
Home loans	1,854	2,479	420	55	55
Other personal	243	28	238	1	282
Asset finance	73	1	22	15	11
Sovereign	-	-	-	-	-
Bank	-	-	-	(9)	-
Other finance	6	6	4	1	3
Agriculture	325	79	78	-	28
Mining	108	2	29	-	13
Manufacturing	208	35	150	87	4
Energy	-	-	-	-	-
Construction	93	34	82	6	3
Wholesale/retail trade	121	111	90	42	19
Transport and storage	65	20	28	2	1
Property	69	169	59	-	5
Other	218	190	163	3	44
Total	3,383	3,154	1,363	203	468

(1) Represents loans ≥ 90 days past due but are not impaired.
(2) Specific provision balance includes certain Australian Accounting Standards collective provisions on some defaulted loans.
(3) Actual losses equal write-offs from individual provisions, write-offs direct from collective provisions less recoveries of amounts previously written off, for the half year ended 31 December 2019.

	30 June 2019				
Industry Sector	Impaired assets $M	Past due loans ≥ 90 days (1) $M	Specific provision balance (2) $M	Net half year charges for individual provisions $M	Half year actual losses (3) $M
Home loans	1,807	2,768	375	71	71
Other personal	294	27	270	4	359
Asset finance	81	2	15	4	6
Sovereign	-	-	-	-	-
Bank	9	-	9	-	-
Other finance	7	8	5	(1)	2
Agriculture	417	68	97	19	55
Mining	183	4	42	46	28
Manufacturing	143	30	68	11	7
Energy	-	-	-	-	-
Construction	170	37	76	-	3
Wholesale/retail trade	119	109	63	23	10
Transport and storage	68	17	27	20	55
Property	70	110	59	(1)	7
Other	254	157	183	16	15
Total	3,622	3,337	1,289	212	618

(1) Represents loans ≥ 90 days past due but are not impaired.
(2) Specific provision balance includes certain Australian Accounting Standards collective provisions on some defaulted loans.
(3) Actual losses equal write-offs from individual provisions, write-offs direct from collective provisions less recoveries of amounts previously written off, for the half year ended 30 June 2019.

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

	31 December 2018				
Industry Sector	**Impaired assets $M**	**Past due loans ≥ 90 days (1) $M**	**Specific provision balance (2) $M**	**Net half year charges for individual provisions $M**	**Half year actual losses (3) $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) Represents loans ≥ 90 days past due but are not impaired.
(2) Specific provision balance includes certain Australian Accounting Standards collective provisions on some defaulted loans.
(3) Actual losses equal write-offs from individual provisions, write-offs direct from collective provisions less recoveries of amounts previously written off, for the half year ended 31 December 2018.

Factors impacting the loss experience

The overall quality of the portfolio was stable during the half year ended 31 December 2019. Gross impaired assets as a proportion of gross loans and acceptances (GLAA) decreased by 4 basis points to 0.44%. Total provisions as a proportion of GLAA increased 2 basis points to 0.65%, mainly driven by an increase in forward-looking adjustments for emerging risks. Group actual losses reduced by $150 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 2019				
Portfolio	**Impaired assets $M**	**Past due loans ≥ 90 days [1] $M**	**Specific provision balance [2] $M**	**Net half year charges for individual provisions $M**	**Half year actual losses [3] $M**
Corporate including SME, specialised lending and central counterparties	1,286	647	705	156	131
Sovereign	-	-	-	-	-
Bank	-	-	-	(9)	-
Residential mortgage	1,854	2,479	420	55	55
Qualifying revolving retail	108	-	93	(1)	118
Other retail	135	28	145	2	164
Total	3,383	3,154	1,363	203	468

(1) Represents loans ≥ 90 days past due but are not impaired.
(2) Specific provision balance includes certain Australian Accounting Standards collective provisions on some defaulted loans.
(3) Actual losses equal write-offs from individual provisions, write-offs direct from collective provisions less recoveries of amounts previously written off, for the half year ended 31 December 2019.

	30 June 2019				
Portfolio	**Impaired assets $M**	**Past due loans ≥ 90 days [1] $M**	**Specific provision balance [2] $M**	**Net half year charges for individual provisions $M**	**Half year actual losses [3] $M**
Corporate including SME, specialised lending and central counterparties	1,506	542	635	137	188
Sovereign	-	-	-	-	-
Bank	9	-	9	-	-
Residential mortgage	1,807	2,768	375	71	71
Qualifying revolving retail	138	-	125	-	152
Other retail	162	27	145	4	207
Total	3,622	3,337	1,289	212	618

(1) Represents loans ≥ 90 days past due but are not impaired.
(2) Specific provision balance includes certain Australian Accounting Standards collective provisions on some defaulted loans.
(3) Actual losses equal write-offs from individual provisions, write-offs direct from collective provisions less recoveries of amounts previously written off, for the half year ended 30 June 2019.

	31 December 2018				
Portfolio	**Impaired assets $M**	**Past due loans ≥ 90 days [1] $M**	**Specific provision balance [2] $M**	**Net half year charges for individual provisions $M**	**Half year actual losses [3] $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) Represents loans ≥ 90 days past due but are not impaired.
(2) Specific provision balance includes certain Australian Accounting Standards collective provisions on some defaulted loans.
(3) Actual losses equal write-offs from individual provisions, write-offs direct from collective provisions less recoveries of amounts previously written off, for the half year ended 31 December 2018.

Credit Risk

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

Geographic Region [1]	31 December 2019 Impaired assets $M	Past due loans ≥ 90 days [2] $M	Specific provision balance $M
Australia	2,523	2,994	1,146
New Zealand	573	103	80
Other	287	57	137
Total	3,383	3,154	1,363

Geographic Region [1]	30 June 2019 Impaired assets $M	Past due loans ≥ 90 days [2] $M	Specific provision balance $M
Australia	2,890	3,192	1,123
New Zealand	521	96	98
Other	211	49	68
Total	3,622	3,337	1,289

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

(1) Balances are reported based on the risk domicile of the borrower. The Group's financial statements disclose balances based on the domicile of the lending entity.
(2) Represents loans ≥ 90 days past due but are not impaired.

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

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

Geographic Region	31 Dec 19 $M	30 Jun 19 $M	31 Dec 18 $M
Australia	**3,164**	3,527	3,428
New Zealand	**294**	304	300
Other	**205**	194	264
Total GRCL	**3,663**	4,025	3,992

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

	Half Year Ended		
	31 Dec 19	30 Jun 19	31 Dec 18
Movement in Collective Provisions	$M	$M	$M
Opening balance	**3,904**	3,814	2,763
Change on adoption of AASB 9	**-**	-	1,055
Net charge against profit and loss	**446**	412	312
Recoveries	**101**	102	104
Other	**22**	39	18
Write-offs	**(406)**	(463)	(438)
Total collective provisions	**4,067**	3,904	3,814
Less collective provisions transferred to specific provisions	**(404)**	(394)	(361)
Additional GRCL requirement [1]	**-**	515	539
General reserve for credit losses	**3,663**	4,025	3,992

(1) The Group has recognised these amounts as a deduction from CET1 in order to maintain the required minimum GRCL. Effective 31 December 2019, the Group's GRCL methodology results in an amount lower than the provision recognised for accounting purposes, resulting in no additional GRCL requirement.

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

	Half Year Ended		
	31 Dec 19	30 Jun 19	31 Dec 18
Movement in Individual Provisions	$M	$M	$M
Opening balance for the period	**895**	920	870
Net new and increased provisioning	**287**	271	348
Net write back of provisions no longer required	**(84)**	(59)	(83)
Discount unwind to interest income	**(11)**	(13)	(10)
Other	**35**	32	39
Write-offs	**(163)**	(256)	(244)
Total individual provisions	**959**	895	920
Add collective provisions transferred to specific provisions	**404**	394	361
Specific provisions	**1,363**	1,289	1,281

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 19	30 Jun 19	31 Dec 18
Standardised Approach Exposures	$M	$M	$M
Risk Weight			
0%	**4,400**	3,104	3,308
20%	**3,537**	3,606	3,341
35%	**9,249**	9,460	9,417
50%	**3,833**	4,075	3,506
75%	**864**	908	899
100%	**17,866**	17,393	15,099
150%	**10**	18	23
> 150%	**-**	1	-
Capital deductions	**-**	-	-
Total	**39,759**	38,565	35,593

(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 2019 Exposure $M	Risk weight %	RWA $M
Cash	4,394	-	-
Cash items in course of collection	897	20	179
Margin lending [2]	2,570	29	755
Fixed and forward purchase assets	3,836	100	3,836
Other	4,981	≥100	4,982
Total	16,678	58	9,752

Other Assets [1]	30 June 2019 Exposure $M	Risk weight %	RWA $M
Cash	3,099	-	-
Cash items in course of collection	942	20	188
Margin lending [2]	2,632	30	795
Fixed and forward purchase assets	1,460	100	1,460
Other	6,400	≥100	6,411
Total	14,533	61	8,854

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

(1) Other Assets are included in Standardised Approach Exposures table on page 25.
(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 19 $M	30 Jun 19 $M	31 Dec 18 $M
Risk Weight			
0%	**367**	401	342
70%	**18,942**	17,368	17,042
90%	**39,391**	37,883	37,944
115%	**4,824**	4,808	4,932
250%	**706**	806	681
Total exposures	**64,230**	61,266	60,941

(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

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

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 < $1m	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 2019							
	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	$M
Total credit risk exposures								
Corporate	-	44,764	44,898	29,891	620	797	587	**121,557**
SME corporate	-	619	4,019	41,597	2,232	2,009	1,348	**51,824**
SME retail [2]	-	-	1,023	11,610	2,940	439	199	**16,211**
Sovereign	80,550	9,924	222	12	-	-	-	**90,708**
Bank	-	24,853	1,953	3	-	-	-	**26,809**
Total	80,550	80,160	52,115	83,113	5,792	3,245	2,134	**307,109**
Undrawn commitments [3]								
Corporate	-	17,583	17,914	8,376	205	153	36	**44,267**
SME corporate	-	88	942	6,876	246	159	87	**8,398**
SME retail [2]	-	-	911	3,664	480	63	11	**5,129**
Sovereign	806	388	29	2	-	-	-	**1,225**
Bank	-	291	86	-	-	-	-	**377**
Total	806	18,350	19,882	18,918	931	375	134	**59,396**
Exposure - weighted average EAD ($M)								
Corporate	-	2. 920	1. 973	0. 796	0. 454	0. 633	2. 198	**1. 548**
SME corporate	-	0. 465	0. 538	0. 478	0. 410	0. 375	0. 466	**0. 473**
SME retail [2]	-	-	0. 072	0. 055	0. 077	0. 066	0. 071	**0. 060**
Sovereign	6. 876	9. 506	0. 519	0. 090	-	-	-	**6. 810**
Bank	-	1. 946	0. 678	0. 043	-	-	-	**1. 705**
Exposure - weighted average LGD (%)								
Corporate	-	54. 9	46. 9	41. 4	37. 9	45. 3	57. 3	**48. 5**
SME corporate	-	58. 1	30. 4	28. 7	30. 6	31. 5	33. 0	**29. 5**
SME retail [2]	-	-	37. 2	31. 6	36. 7	31. 0	38. 0	**33. 0**
Sovereign	5. 7	12. 4	52. 8	49. 4	-	-	-	**6. 6**
Bank	-	59. 6	60. 0	60. 0	-	-	-	**59. 7**
Exposure - weighted average risk weight (%) [4]	-							
Corporate	-	29. 8	54. 6	85. 1	139. 6	244. 6	195. 8	**55. 3**
SME corporate	-	28. 0	30. 6	52. 7	88. 8	146. 1	246. 8	**60. 9**
SME retail [2]	-	-	26. 0	45. 3	84. 7	107. 5	405. 4	**57. 3**
Sovereign	1. 6	2. 9	33. 0	106. 6	-	-	-	**1. 9**
Bank	-	27. 4	59. 3	99. 1	-	-	-	**29. 7**

(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 2019							
	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	$M
Total credit risk exposures								
Corporate	-	43,275	42,859	30,624	469	885	732	118,844
SME corporate	-	726	3,727	42,032	2,374	1,937	1,272	52,068
SME retail [2]	-	-	1,075	12,183	2,785	408	193	16,644
Sovereign	81,994	7,703	196	12	-	-	-	89,905
Bank	-	31,520	1,936	60	-	-	124	33,640
Total	81,994	83,224	49,793	84,911	5,628	3,230	2,321	311,101
Undrawn commitments [3]								
Corporate	-	18,213	16,325	9,283	165	240	72	44,298
SME corporate	-	128	888	6,637	232	142	70	8,097
SME retail [2]	-	-	922	3,573	355	56	9	4,915
Sovereign	831	223	31	2	-	-	-	1,087
Bank	-	336	112	-	-	-	-	448
Total	831	18,900	18,278	19,495	752	438	151	58,845
Exposure - weighted average EAD ($M)								
Corporate	-	2. 791	1. 838	0. 859	0. 638	0. 731	2. 012	1. 547
SME corporate	-	0. 551	0. 489	0. 458	0. 442	0. 378	0. 413	0. 456
SME retail [2]	-	-	0. 038	0. 055	0. 080	0. 065	0. 089	0. 057
Sovereign	7. 179	9. 326	0. 288	0. 094	-	-	-	6. 879
Bank	-	2. 677	0. 799	0. 541	-	-	123. 736	2. 349
Exposure - weighted average LGD (%)								
Corporate	-	54. 9	47. 3	41. 7	46. 7	46. 1	49. 0	48. 6
SME corporate	-	58. 3	29. 8	28. 9	29. 7	32. 0	33. 7	29. 7
SME retail [2]	-	-	37. 2	31. 7	34. 4	30. 8	35. 0	32. 5
Sovereign	5. 7	58. 9	49. 4	48. 3	-	-	-	10. 3
Bank	-	59. 4	60. 0	60. 0	-	-	60. 0	59. 4
Exposure - weighted average risk weight (%) [4]								
Corporate	-	30. 1	54. 0	80. 5	176. 4	242. 6	122. 7	54. 4
SME corporate	-	30. 1	30. 7	50. 8	82. 9	145. 1	235. 8	58. 5
SME retail [2]	-	-	35. 6	50. 6	90. 4	114. 8	363. 1	61. 5
Sovereign	1. 6	13. 3	38. 5	96. 2	-	-	-	2. 7
Bank	-	26. 2	57. 4	122. 3	-	-	-	28. 1

(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)

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

	31 December 2019							
	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	$M
Total credit risk exposures								
Residential mortgage	185,385	112,505	73,264	184,634	24,883	5,708	4,639	**591,018**
Qualifying revolving retail	195	14,781	3,661	5,445	2,099	405	93	**26,679**
Other retail	51	37	53	5,819	3,987	602	133	**10,682**
Total	185,631	127,323	76,978	195,898	30,969	6,715	4,865	**628,379**
Undrawn commitments (1)								
Residential mortgage	40,378	14,529	5,990	11,674	275	59	17	**72,922**
Qualifying revolving retail	162	11,548	2,661	1,996	291	44	-	**16,702**
Other retail	46	5	36	2,622	263	97	3	**3,072**
Total	40,586	26,082	8,687	16,292	829	200	20	**92,696**
Exposure - weighted average EAD ($M)								
Residential mortgage	0. 278	0. 291	0. 273	0. 268	0. 284	0. 214	0. 263	**0. 276**
Qualifying revolving retail	0. 004	0. 009	0. 008	0. 009	0. 008	0. 008	0. 008	**0. 009**
Other retail	0. 004	0. 381	0. 005	0. 006	0. 010	0. 001	0. 004	**0. 006**
Exposure - weighted average LGD (%)								
Residential mortgage	20. 0	19. 7	19. 4	20. 3	20. 5	19. 8	20. 3	**20. 0**
Qualifying revolving retail	81. 0	84. 9	84. 2	84. 3	84. 7	84. 0	84. 6	**84. 6**
Other retail	108. 1	99. 4	105. 8	91. 9	85. 4	90. 7	88. 0	**89. 5**
Exposure - weighted average risk weight (%) (2)								
Residential mortgage	4. 4	13. 1	20. 2	39. 0	89. 7	133. 7	173. 5	**25. 0**
Qualifying revolving retail	3. 2	5. 5	13. 7	45. 8	135. 9	213. 8	298. 5	**29. 3**
Other retail	27. 2	45. 0	70. 0	111. 0	133. 0	194. 1	370. 7	**126. 3**

(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)

	30 June 2019							
	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	$M
Total credit risk exposures								
Residential mortgage	177,945	111,412	72,247	178,830	26,083	6,418	4,801	577,736
Qualifying revolving retail	192	14,755	3,783	5,720	2,346	455	120	27,371
Other retail	54	32	47	8,127	2,138	621	152	11,171
Total	178,191	126,199	76,077	192,677	30,567	7,494	5,073	616,278
Undrawn commitments (1)								
Residential mortgage	39,130	14,364	5,858	10,812	279	519	17	70,979
Qualifying revolving retail	162	11,762	2,780	2,101	328	48	1	17,182
Other retail	47	8	34	2,675	255	95	2	3,116
Total	39,339	26,134	8,672	15,588	862	662	20	91,277
Exposure - weighted average EAD ($M)								
Residential mortgage	0. 273	0. 287	0. 270	0. 263	0. 283	0. 225	0. 265	0. 272
Qualifying revolving retail	0. 004	0. 009	0. 008	0. 009	0. 008	0. 008	0. 009	0. 009
Other retail	0. 004	0. 313	0. 004	0. 008	0. 008	0. 001	0. 005	0. 006
Exposure - weighted average LGD (%)								
Residential mortgage	20. 0	19. 7	19. 5	20. 3	20. 4	19. 8	20. 2	20. 0
Qualifying revolving retail	81. 0	84. 9	84. 2	84. 3	84. 7	84. 0	84. 6	84. 6
Other retail	107. 9	99. 3	106. 9	89. 4	87. 4	90. 5	87. 4	89. 3
Exposure - weighted average risk weight (%) (2)								
Residential mortgage	4. 4	13. 1	20. 2	39. 4	89. 7	134. 7	174. 4	25. 6
Qualifying revolving retail	3. 2	5. 5	13. 7	45. 9	136. 4	213. 1	299. 7	31. 0
Other retail	26. 7	44. 9	70. 2	113. 4	139. 3	195. 1	343. 6	125. 2

(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 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	$M
Total credit risk exposures								
Residential mortgage	176,276	113,642	71,047	170,495	25,181	6,219	4,494	567,354
Qualifying revolving retail	208	15,086	3,993	5,928	2,424	514	146	28,299
Other retail	50	-	38	8,291	2,127	612	142	11,260
Total	176,534	128,728	75,078	184,714	29,732	7,345	4,782	606,913
Undrawn commitments [(1)]								
Residential mortgage	39,298	14,911	5,775	10,444	292	346	18	71,084
Qualifying revolving retail	176	11,888	2,959	2,309	369	63	2	17,766
Other retail	48	-	34	2,673	252	99	2	3,108
Total	39,522	26,799	8,768	15,426	913	508	22	91,958
Exposure - weighted average EAD ($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 (%) [(2)]								
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 credit exposure value of undrawn commitments included in Total Credit Risk Exposures above.
(2) Includes 1.06 scaling factor.

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 2019		
	Half year losses in reporting period		
Portfolio Type	Gross write-offs $M	Recoveries $M	Actual losses $M
Corporate	22	-	22
SME corporate	58	(4)	54
SME retail (including SME retail secured by residential mortgages)	33	(2)	31
Specialised lending	7	-	7
Total corporate including SME and specialised lending	120	(6)	114
Sovereign	-	-	-
Bank	-	-	-
Residential mortgage (excluding SME retail secured by residential mortgages)	57	(3)	54
Qualifying revolving retail	170	(45)	125
Other retail	185	(42)	143
Total advanced IRB and specialised lending portfolios	532	(96)	436

	30 June 2019		
	Full year losses in reporting period		
Portfolio Type	Gross write-offs $M	Recoveries $M	Actual losses $M
Corporate	151	(1)	150
SME corporate	80	(4)	76
SME retail (including SME retail secured by residential mortgages)	51	(14)	37
Specialised lending	65	-	65
Total corporate including SME and specialised lending	347	(19)	328
Sovereign	-	-	-
Bank	-	-	-
Residential mortgage (excluding SME retail secured by residential mortgages)	135	(5)	130
Qualifying revolving retail	396	(86)	310
Other retail	418	(85)	333
Total advanced IRB and specialised lending portfolios	1,296	(195)	1,101

	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

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

Portfolio Type	31 December 2019 Half year actual loss $M	31 December 2019 Regulatory one year expected loss estimate $M
Corporate	22	669
SME corporate	54	679
SME retail (including SME retail secured by residential mortgages)	31	158
Specialised lending	7	766
Total corporate including SME and specialised lending	114	2,272
Sovereign	-	2
Bank	-	9
Residential mortgage (excluding SME retail secured by residential mortgages)	54	1,283
Qualifying revolving retail	125	393
Other retail	143	481
Total advanced IRB and specialised lending portfolios	436	4,440

Portfolio Type	30 June 2019 Full year actual loss $M	30 June 2019 Regulatory one year expected loss estimate $M
Corporate	150	706
SME corporate	76	673
SME retail (including SME retail secured by residential mortgages)	37	155
Specialised lending	65	772
Total corporate including SME and specialised lending	328	2,306
Sovereign	-	4
Bank	-	136
Residential mortgage (excluding SME retail secured by residential mortgages)	130	1,312
Qualifying revolving retail	310	445
Other retail	333	503
Total advanced IRB and specialised lending portfolios	1,101	4,706

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

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 11.5 financial years to 31 December 2019, where results for the half year to December 2019 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 2019	
Portfolio Type	Average estimated PD %	Average actual PD %
Corporate	1. 29	0. 83
SME corporate	2. 28	1. 99
SME retail (including SME retail secured by residential mortgages) (1)	1. 78	1. 55
Specialised lending (2)	n/a	1. 49
Sovereign (3)	0. 56	0. 02
Bank (3)	0. 28	0. 21
Residential mortgage (excluding SME retail secured by residential mortgages)	0. 86	0. 74
Qualifying revolving retail	1. 91	1. 96
Other retail	5. 04	4. 87

(1) The average actual PD represents a 5.5 years observation period as part of the portfolio.
(2) Average estimated PD not relevant for specialised lending under the Supervisory Slotting approach.
(3) 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 2017 financial years. LGDs for retail portfolios are based on accounts that defaulted in 2009 to 2018 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 2019		
Portfolio Type	Average estimated downturn LGD %	Average actual LGD %	Ratio of estimated EAD to actual EAD
Corporate	54. 8	38. 7	1. 1
SME corporate	32. 4	20. 0	1. 1
SME retail (including SME retail secured by residential mortgages)	31. 5	21. 7	1. 1
Specialised lending (1)	n/a	31. 1	1. 2
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. 6	5. 9	1. 0
Qualifying revolving retail	87. 5	70. 3	1. 1
Other retail	97. 4	77. 1	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 2019				
	Total exposure (1) $M	Eligible financial collateral $M	Exposures covered by guarantees $M	Exposures covered by credit derivatives $M	Coverage %
Advanced approach (2)					
Corporate	121,557	-	45	-	-
SME corporate	51,824	-	-	-	-
SME retail (3)	16,211	-	-	-	-
Sovereign	90,708	-	-	-	-
Bank	26,809	-	341	32	1. 4
Residential mortgage	591,018	-	-	-	-
Qualifying revolving retail	26,679	-	-	-	-
Other retail	10,682	-	-	-	-
Total advanced approach	935,488	-	386	32	-
Specialised lending	64,230	-	-	-	-
Standardised approach					
Corporate	1,309	-	-	-	-
SME corporate	756	-	-	-	-
SME retail	4,582	-	-	-	-
Sovereign	475	-	-	-	-
Bank	319	-	-	-	-
Residential mortgage	14,416	-	-	-	-
Other retail	1,224	-	-	-	-
Other assets	16,678	-	-	-	-
Central clearing counterparties	9,014	-	-	88	1. 0
Total standardised approach	48,773	-	-	88	0. 2
Total exposures	1,048,491	-	386	120	-

	30 June 2019				
	Total exposure (1) $M	Eligible financial collateral $M	Exposures covered by guarantees $M	Exposures covered by credit derivatives $M	Coverage %
Advanced approach (2)					
Corporate	118,844	-	77	4	0. 1
SME corporate	52,068	-	-	-	-
SME retail (3)	16,644	-	-	-	-
Sovereign	89,905	-	-	-	-
Bank	33,640	-	216	57	0. 8
Residential mortgage	577,736	-	-	-	-
Qualifying revolving retail	27,371	-	-	-	-
Other retail	11,171	-	-	-	-
Total advanced approach	927,379	-	293	61	-
Specialised lending	61,266	-	-	-	-
Standardised approach					
Corporate	1,590	-	-	-	-
SME corporate	822	15	-	-	1. 8
SME retail	4,628	-	-	-	-
Sovereign	495	-	-	-	-
Bank	315	-	-	-	-
Residential mortgage	14,933	-	-	-	-
Other retail	1,249	-	-	-	-
Other assets	14,533	-	-	-	-
Central clearing counterparties	7,989	-	-	86	1. 1
Total standardised approach	46,554	15	-	86	0. 2
Total exposures	1,035,199	15	293	147	-

(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 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	-	91	262	0. 3
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	-	399	390	0. 1
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	399	390	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.

6.6 Counterparty Credit Risk

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

	31 Dec 19
	$M
Gross positive fair value	24,422
Netting and collateral benefits	(18,348)
Including collateral held of:	
Cash	(3,395)
Replacement cost	6,074
Potential future exposure	9,421
Impact of scaling factor of 1.4 and incurred CVA	6,111
Exposure at Default	21,606

(1) Excluding exposures to CCPs.

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

	30 Jun 19	31 Dec 18
	$M	$M
Gross positive fair value	24,732	27,951
Netting benefits	(14,012)	(17,065)
Netted current credit exposure	10,720	10,886
Collateral held of:		
Cash	(4,794)	(4,498)
Net derivatives credit exposure	5,926	6,388
Potential Future Exposure under the Current Exposure Method	12,439	13,079
Exposure at Default	18,365	19,467

(1) Excluding exposures to CCPs.

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

Exposure type	Current Credit Exposure 31 Dec 19 $M	Current Credit Exposure 30 Jun 19 $M	Current Credit Exposure 31 Dec 18 $M
Interest rate contracts	**7,431**	8,604	6,208
Foreign currency contracts	**16,686**	15,761	21,505
Equity contracts	**68**	63	5
Credit derivatives	**8**	11	14
Commodities and other	**229**	293	219
Total	**24,422**	24,732	27,951

(1) Excluding exposures to CCPs.

APS 330 Table 11c Counterparty credit risk derivative transactions

Notional Value by Product type as at 31 December 19 [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	**1,471**	**-**	**46**	**964**
Total return swaps	**-**	**-**	**-**	**-**
Credit options	**-**	**-**	**-**	**-**
Other	**-**	**-**	**-**	**-**
Total	**1,471**	**-**	**46**	**964**

Notional Value by Product type as at 30 June 19 [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	1,491	-	49	1,287
Total return swaps	-	-	-	-
Credit options	-	-	-	-
Other	-	-	-	-
Total	1,491	-	49	1,287

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

(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 2019			
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	6,103	7,685	60,612	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	6,103	7,685	60,612	-

	30 June 2019			
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	5,074	8,563	60,939	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	5,074	8,563	60,939	-

	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	-

(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.

Credit Risk

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

	31 December 2019			
	Group originated assets securitised			
Underlying Asset	Outstanding exposure $M	Impaired $M	Past due $M	Losses recognised $M
Residential mortgage	74,400	16	309	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	74,400	16	309	-

	30 June 2019			
	Group originated assets securitised			
Underlying Asset	Outstanding exposure $M	Impaired $M	Past due $M	Losses recognised $M
Residential mortgage	74,575	11	328	-
Credit cards and other personal loans	-	-	-	-
Auto and equipment finance	-	-	-	-
Commercial loans	-	-	-	-
Other	-	-	-	-
Total	74,575	11	328	-

	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	-

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 2019.

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

The Group securitised $4,406 million new exposures in the banking book during the half year ended 31 December 2019.

	Half year ended 31 December 2019	
Underlying Asset	**Total exposures securitised $M**	**Recognised gain or loss on sale $M**
Residential mortgages	4,396	-
Credit cards and other personal loans	-	-
Auto and equipment finance	-	-
Commercial loans	10	-
Other	-	-
Total	4,406	-

	Full year ended 30 June 2019	
Underlying Asset	**Total exposures securitised $M**	**Recognised gain or loss on sale $M**
Residential mortgages	4,147	-
Credit cards and other personal loans	16	-
Auto and equipment finance	150	-
Commercial loans	9	-
Other	-	-
Total	4,322	-

	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	-

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

	31 December 2019		
Securitisation Facility Type	**On Balance Sheet $M**	**Off Balance Sheet $M**	**Total exposures $M**
Liquidity support facilities	-	257	257
Warehouse facilities	5,042	4,082	9,124
Derivative facilities	401	192	593
Holdings of securities	6,989	-	6,989
Other	-	10	10
Total securitisation exposures in the banking book	12,432	4,541	16,973

	30 June 2019		
Securitisation Facility Type	**On Balance Sheet $M**	**Off Balance Sheet $M**	**Total exposures $M**
Liquidity support facilities	-	254	254
Warehouse facilities	3,579	3,283	6,862
Derivative facilities	156	11	167
Holdings of securities	8,095	-	8,095
Other	-	5	5
Total securitisation exposures in the banking book	11,830	3,553	15,383

	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	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

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

Total securitisation exposures in the banking book increased by $1,590 million or 10.3% during the half year ended 31 December 2019. The corresponding RWA increased by $277 million or 9.6%. This was mainly due to the increase in new securitisation exposures.

	31 December 2019					
	Exposures		Total	Risk Weighted Assets		Total
	Securitisation	Resecuritisation	exposures	Securitisation	Resecuritisation	RWA
Risk Weight Band	$M	$M	$M	$M	$M	$M
≤ 25%	16,736	-	**16,736**	3,054	-	**3,054**
> 25% ≤ 35%	-	-	**-**	-	-	**-**
> 35% ≤ 50%	150	-	**150**	64	-	**64**
> 50% ≤ 75%	84	-	**84**	59	-	**59**
> 75% ≤ 100%	-	-	**-**	-	-	**-**
> 100% ≤ 650%	-	-	**-**	-	-	**-**
> 650% ≤ 1250%	-	-	**-**	-	-	**-**
Total	16,970	-	**16,970**	3,177	-	**3,177**

	30 June 2019					
	Exposures		Total	Risk Weighted Assets		Total
	Securitisation	Resecuritisation	exposures	Securitisation	Resecuritisation	RWA
Risk Weight Band	$M	$M	$M	$M	$M	$M
≤ 25%	14,825	-	**14,825**	2,710	-	**2,710**
> 25% ≤ 35%	470	-	**470**	130	-	**130**
> 35% ≤ 50%	-	-	**-**	-	-	**-**
> 50% ≤ 75%	85	-	**85**	60	-	**60**
> 75% ≤ 100%	-	-	**-**	-	-	**-**
> 100% ≤ 650%	-	-	**-**	-	-	**-**
> 650% ≤ 1250%	-	-	**-**	-	-	**-**
Total	15,380	-	**15,380**	2,900	-	**2,900**

	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**

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

	Common Equity Tier 1 Capital		
	31 Dec 19	30 Jun 19	31 Dec 18
Underlying Asset	$M	$M	$M
Residential mortgage	3	3	3
Credit cards and other personal loans	-	-	-
Auto and equipment finance	-	-	-
Commercial loans	-	-	-
Other	-	-	-
Total	3	3	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 2019, banking book resecuritisation exposures without credit risk mitigation is nil (30 June 2019: nil; 31 December 2018: 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 2019.

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 2019, relating to $28 million residential mortgages (30 June 2019: nil, 31 December 2018: nil), and $7 million auto and equipment finance (30 June 2019: nil, 31 December 2018: nil), and $2 million personal finance (30 June 2019: $2 million, 31 December 2018: 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 $69 million as at 31 December 2019 (30 June 2019: $27 million; 31 December 2018: $18 million). This consists of:

- Securities held in the trading book subject to the Standard Method of $2 million (30 June 2019: nil; 31 December 2018: nil); and
- Derivatives held in the trading book subject to the Internal Models Approach (IMA) of $67 million (30 June 2019: $27 million; 31 December 2018: $18 million).

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

Securitisation Facility Type	31 December 2019 On Balance Sheet $M	31 December 2019 Off Balance Sheet $M	31 December 2019 Total exposures $M
Liquidity support facilities	-	-	-
Warehouse facilities	-	-	-
Derivative facilities	26	41	67
Holdings of securities	2	-	2
Other	-	-	-
Total securitisation exposures in the trading book	28	41	69

Securitisation Facility Type	30 June 2019 On Balance Sheet $M	30 June 2019 Off Balance Sheet $M	30 June 2019 Total exposures $M
Liquidity support facilities	-	-	-
Warehouse facilities	-	-	-
Derivative facilities	19	8	27
Holdings of securities	-	-	-
Other	-	-	-
Total securitisation exposures in the trading book	19	8	27

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	-	-	-
Warehouse facilities	-	-	-
Derivative facilities	6	12	18
Holdings of securities	-	-	-
Other	-	-	-
Total securitisation exposures in the trading book	6	12	18

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

The Group has $67 million of derivatives exposures held in the trading book subject to IMA (default risk) under APS 116 as at 31 December 2019 (30 June 2019: $27 million; 31 December 2018: $18 million).

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

Total securitisation exposures in the trading book increased by $42 million during the half year ended 31 December 2019 mainly due to the new counterparty credit risk methodology (ASP 180).

	31 December 2019			
Risk Weight Band	IAA Approach $M	RBA Approach $M	SFA Approach $M	Total exposures $M
≤ 25%	-	50	18	**68**
> 25% ≤ 35%	-	-	-	**-**
> 35% ≤ 50%	-	-	1	**1**
> 50% ≤ 75%	-	-	-	**-**
> 75% ≤ 100%	-	-	-	**-**
> 100% ≤ 650%	-	-	-	**-**
> 650% ≤ 1250%	-	-	-	**-**
Total	-	50	19	**69**

	30 June 2019			
Risk Weight Band	IAA Approach $M	RBA Approach $M	SFA Approach $M	Total exposures $M
≤ 25%	-	11	10	**21**
> 25% ≤ 35%	-	-	6	**6**
> 35% ≤ 50%	-	-	-	**-**
> 50% ≤ 75%	-	-	-	**-**
> 75% ≤ 100%	-	-	-	**-**
> 100% ≤ 650%	-	-	-	**-**
> 650% ≤ 1250%	-	-	-	**-**
Total	-	11	16	**27**

	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**

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

The Group has $205 million of RWA held in the trading book subject to IMA (default risk) under APS 116 as at 31 December 2019 (30 June 2019: $201 million; 31 December 2018: $401 million).

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

	31 December 2019									
	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%	-	-	10	-	3	-	-	-	**13**	**-**
> 25% ≤ 35%	-	-	-	-	-	-	-	-	**-**	**-**
> 35% ≤ 50%	-	-	-	-	1	-	-	-	**1**	**-**
> 50% ≤ 75%	-	-	-	-	-	-	-	-	**-**	**-**
> 75% ≤ 100%	-	-	-	-	-	-	-	-	**-**	**-**
> 100% ≤ 650%	-	-	-	-	-	-	-	-	**-**	**-**
> 650% ≤ 1250%	-	-	-	-	-	-	-	-	**-**	**-**
Total	-	-	10	-	4	-	-	-	**14**	**-**

	30 June 2019									
	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%	-	-	-	-	2	-	-	-	**2**	**-**
> 35% ≤ 50%	-	-	-	-	-	-	-	-	**-**	**-**
> 50% ≤ 75%	-	-	-	-	-	-	-	-	**-**	**-**
> 75% ≤ 100%	-	-	-	-	-	-	-	-	**-**	**-**
> 100% ≤ 650%	-	-	-	-	-	-	-	-	**-**	**-**
> 650% ≤ 1250%	-	-	-	-	-	-	-	-	**-**	**-**
Total	-	-	2	-	3	-	-	-	**5**	**-**

	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**	**-**

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 2019 (30 June 2019: nil, 31 December 2018: 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 2019 (30 June 2019: nil; 31 December 2018: 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 2019 was $4,443 million (30 June 2019: $4,324 million; 31 December 2018: $2,729 million).

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

	As at 31 December 2019		
	On Balance Sheet	Off Balance Sheet	Total exposures
Securitisation Facility Type	**$M**	**$M**	**$M**
Liquidity support facilities	-	257	257
Warehouse facilities	5,042	4,082	9,124
Derivative facilities	427	233	660
Holdings of securities	6,991	-	6,991
Other	-	10	10
Total securitisation exposures	12,460	4,582	17,042

	As at 30 June 2019		
	On Balance Sheet	Off Balance Sheet	Total exposures
Securitisation Facility Type	**$M**	**$M**	**$M**
Liquidity support facilities	-	254	254
Warehouse facilities	3,579	3,283	6,862
Derivative facilities	175	19	194
Holdings of securities	8,095	-	8,095
Other	-	5	5
Total securitisation exposures	11,849	3,561	15,410

	As at 31 December 2018		
	On Balance Sheet	Off Balance Sheet	Total exposures
Securitisation Facility Type	**$M**	**$M**	**$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

7 Equity Risk

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

Equity Investments	31 December 2019 Balance Sheet value $M	Fair value $M
Value of listed (publicly traded) equities	1,879	1,801
Value of unlisted (privately held) equities	1,699	1,698
Total	3,578	3,499

Equity Investments	30 June 2019 Balance Sheet value $M	Fair value $M
Value of listed (publicly traded) equities	1,868	1,655
Value of unlisted (privately held) equities	1,199	1,164
Total	3,067	2,819

Equity Investments	31 December 2018 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

	Half year ended		
Gains on Equity Investments	**31 Dec 19 $M**	**30 Jun 19 $M**	**31 Dec 18 $M**
Cumulative realised gains in reporting period	**-**	45	13
Total unrealised gains	**38**	104	167

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

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 19 $M	30 Jun 19 $M	31 Dec 18 $M
Internal Model Approach	4,672	9,834	4,499
Standard Method	756	651	764
Total Traded Market Risk RWA	**5,428**	10,485	5,263

(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 19 $M	30 Jun 19 $M	31 Dec 18 $M
Interest rate risk	60. 4	51. 9	60. 9
Equity risk	0. 1	0. 2	0. 1
Foreign exchange risk	-	-	0. 1
Commodity risk	-	-	-
Total	**60. 5**	52. 1	61. 1
Risk Weighted Asset equivalent [1]	**756**	651	764

(1) Risk Weighted Asset equivalent is the capital requirement 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 2019	31	49	21	36
Over the 6 months to 30 June 2019	30	46	21	40
Over the 6 months to 31 December 2018	48	75	27	41

	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 2019	146	267	33	39
Over the 6 months to 30 June 2019	180	347	98	201
Over the 6 months to 31 December 2018	89	162	51	85

(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 2019 there was one back-testing outlier. The back-testing 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 2019 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 2019	1
Over the 6 months to 30 June 2019	-
Over the 6 months to 31 December 2018	-

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

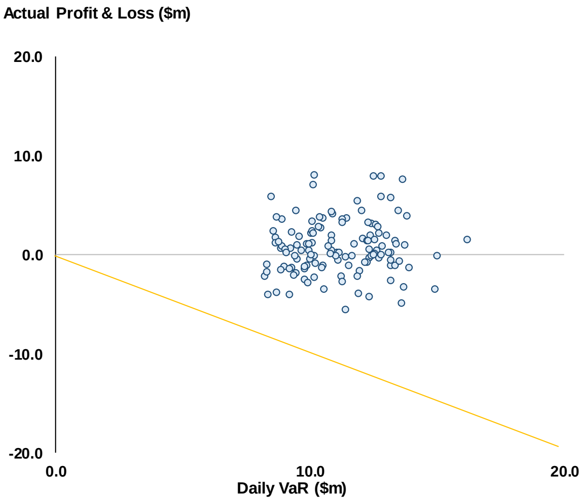
APS 330 Table 14f (iii): Details of Back-Test Outliers

	Over the Reporting Period 1 July 2019 to 31 December 2019	
Date	**Hypothetical loss $M**	**VaR 99% $M**
	18	9

	Over the Reporting Period 1 January 2019 to 30 June 2019	
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**
	-	-

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

	Change in Economic Value		
	31 Dec 19	**30 Jun 19**	**31 Dec 18**
Stress Testing: Interest Rate Shock Applied	**$M**	**$M**	**$M**
AUD			
200 basis point parallel increase	**(411)**	(702)	(328)
200 basis point parallel decrease	**476**	770	368
NZD			
200 basis point parallel increase	**(370)**	(330)	(298)
200 basis point parallel decrease	**393**	351	317
USD			
200 basis point parallel increase	**(148)**	(133)	(59)
200 basis point parallel decrease	**159**	143	67
Other			
200 basis point parallel increase	**(7)**	(11)	(5)
200 basis point parallel decrease	**8**	12	3

	31 Dec 19	**30 Jun 19**	**31 Dec 18**
Regulatory RWA (1) (2)	**$M**	**$M**	**$M**
Interest rate risk in the banking book	**8,998**	9,898	13,872

(1) The methodology for determining the Regulatory RWA for IRRBB is outlined in the 30 June 2019 Basel III Pillar 3 report of the Group and is in accordance with APRA's Prudential Standard APS 110.

(2) Refer to page 10 for commentary.

9 Operational Risk

APS 330 Table 6e – Capital requirements for operational risk

	31 Dec 19	**30 Jun 19**	**31 Dec 18**
	$M	**$M**	**$M**
Total operational risk RWA (1)	**59,511**	59,805	56,653

(1) Refer to page 10 for commentary.

For further detail on the operational risk policies, frameworks and capital calculations, refer to pages 71-72 of the June 2019 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 $35 billion and the average LCR increased to 134%. The increase in LCR was driven by increased HQLA holdings and lower customer deposit 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 reduction in 30 day modelled NCOs over the December quarter was driven by lower customer deposit NCOs.

APS 330 Table 20 - LCR disclosure template

		31 Dec 19 Total unweighted value (average) (1) $M	31 Dec 19 Total weighted value (average) (1) $M	30 Sep 19 Total unweighted value (average) (1) $M	30 Sep 19 Total weighted value (average) (1) $M
Liquid assets, of which:					
1	High-quality liquid assets (HQLA)		**92,255**		89,481
2	Alternative liquid assets (ALA)		**44,380**		44,885
3	Reserve Bank of New Zealand (RBNZ) securities		**3,093**		3,665
Cash outflows					
4	Retail deposits and deposits from small business customers, of which:	**307,449**	**27,098**	300,739	26,274
5	Stable deposits	**170,563**	**8,528**	168,221	8,411
6	Less stable deposits	**136,886**	**18,570**	132,518	17,863
7	Unsecured wholesale funding, of which:	**120,929**	**59,392**	121,884	62,407
8	Operational deposits (all counterparties) and deposits in networks for cooperative banks	**41,807**	**10,262**	37,516	9,197
9	Non-operational deposits (all counterparties)	**69,104**	**39,112**	73,454	42,296
10	Unsecured debt	**10,018**	**10,018**	10,914	10,914
11	Secured wholesale funding		**1,125**		835
12	Additional requirements, of which:	**154,624**	**21,735**	154,543	21,326
13	Outflows related to derivatives exposures and other collateral requirements	**6,308**	**6,308**	6,514	6,514
14	Outflows related to loss of funding on debt products	**-**	**-**	-	-
15	Credit and liquidity facilities	**148,316**	**15,427**	148,029	14,812
16	Other contractual funding obligations	**36**	**6**	25	3
17	Other contingent funding obligations	**70,698**	**7,042**	77,145	9,140
18	**Total cash outflows**		**116,398**		119,985
Cash inflows					
19	Secured lending	**10,407**	**2,267**	8,315	1,701
20	Inflows from fully performing exposures	**9,026**	**6,049**	9,557	6,524
21	Other cash inflows	**3,520**	**3,520**	5,453	5,453
22	**Total cash inflows**	**22,953**	**11,836**	23,325	13,678
23	**Total liquid assets**		**139,728**		138,031
24	**Total net cash outflows**		**104,562**		106,307
25	**Liquidity Coverage Ratio (%)**		**134**		130
Number of data points used (Business Days)			**62**		61

(1) The averages presented are calculated as simple averages of daily observations over the 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 increase in NSFR from 112% to 113% from 30 September 2019 to 31 December 2019 was primarily due to growth in capital and strong growth in retail and SME deposits.

APS 330 Table 21 – NSFR disclosure template

		As at 31 December 2019				
		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**	70,891	-	-	25,573	**96,464**
2	Regulatory Capital	70,891	-	-	25,573	96,464
3	Other Capital Instruments	-	-	-	-	-
4	**Retail deposits and deposits from small business customers**	286,956	114,387	12	153	**371,896**
5	Stable deposits [1]	161,965	48,487	8	17	199,954
6	Less stable deposits [2]	124,991	65,900	4	136	171,942
7	**Wholesale funding**	92,099	169,455	43,174	102,787	**183,726**
8	Operational deposits	41,859	-	-	-	**20,930**
9	Other wholesale funding	50,240	169,455	43,174	102,787	**162,796**
10	**Liabilities with matching interdependent assets**	-	-	-	-	**-**
11	**Other liabilities**	-	13,680	299	1,970	**2,119**
12	NSFR Derivative liabilities	-	6,620	-	-	**-**
13	All other liabilities and equity not included in the above categories	-	7,060	299	1,970	**2,119**
14	**Total ASF**					**654,205**
Required Stable Funding (RSF) Item						
15 a)	**Total NSFR HQLA**					**3,875**
15 b)	**ALA**					**5,070**
15 c)	**RBNZ Securities**					**441**
16	**Deposits held at other financial institutions for operational purposes**	-	-	-	-	**-**
17	**Performing loans and securities**	1,543	55,117	35,992	638,270	**516,327**
18	Performing loans to financial institutions secured by Level 1 HQLA	1,447	7,874	-	-	**932**
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	96	15,671	5,489	18,615	**23,725**
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:	-	22,527	23,372	135,020	**137,618**
21	With a risk weight of less than or equal to 35% under APS 112	-	34	29	502	**358**
22	Performing residential mortgages, of which;	-	6,384	6,345	480,789	**348,752**
23	With a risk weight equal to 35% under APS 112	-	5,482	5,449	395,132	**274,745**
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	2,661	786	3,846	**5,300**
25	**Assets with matching interdependent liabilities**	-	-	-	-	**-**
26	**Other assets:**	10,567	28,366	506	26,153	**44,085**
27	Physical traded commodities, including gold	10,567	-	-	-	**8,982**
28	Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties (CCPs)	-	1,020	-	-	**867**
29	NSFR derivative assets	-	9,905	-	-	**3,285**
30	NSFR Derivative liabilities before deduction of variation margin posted	-	14,871	-	-	**2,974**
31	All other assets not included in the above categories	-	2,570	506	26,153	**27,977**
32	**Off balance sheet items**	-	171,951	-	-	**7,836**
33	**Total RSF**					**577,634**
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.

10.2 Net Stable Funding Ratio Disclosure (continued)

		As at 30 September 2019				
		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**	68,629	-	-	25,613	94,243
2	Regulatory Capital	68,629	-	-	25,613	94,243
3	Other Capital Instruments	-	-	-	-	-
4	**Retail deposits and deposits from small business customers**	277,124	118,173	28	166	366,378
5	Stable deposits [(1)]	157,763	50,627	20	11	198,000
6	Less stable deposits [(2)]	119,361	67,546	8	155	168,378
7	**Wholesale funding**	93,920	180,779	44,299	104,768	187,331
8	Operational deposits	39,992	-	-	-	19,996
9	Other wholesale funding	53,928	180,779	44,299	104,768	167,335
10	**Liabilities with matching interdependent assets**	-	-	-	-	-
11	**Other liabilities**	-	14,899	250	2,139	2,264
12	NSFR Derivative liabilities	-	7,159	-	-	-
13	All other liabilities and equity not included in the above categories	-	7,740	250	2,139	2,264
14	**Total ASF**					650,216
Required Stable Funding (RSF) Item						
15 a)	**Total NSFR HQLA**					3,894
15 b)	**ALA**					5,070
15 c)	**RBNZ Securities**					421
16	**Deposits held at other financial institutions for operational purposes**	-	-	-	-	-
17	**Performing loans and securities**	1,375	64,293	36,472	636,385	516,866
18	Performing loans to financial institutions secured by Level 1 HQLA	1,211	13,259	144	-	1,519
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	164	17,680	7,909	18,573	25,204
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:	-	24,190	21,400	136,017	138,303
21	With a risk weight of less than or equal to 35% under APS 112	-	29	38	524	375
22	Performing residential mortgages, of which;	-	6,239	6,346	477,152	345,786
23	With a risk weight equal to 35% under APS 112	-	5,343	5,454	391,290	271,604
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	2,925	673	4,643	6,054
25	**Assets with matching interdependent liabilities**	-	-	-	-	-
26	**Other assets:**	11,761	31,364	1,152	27,215	48,220
27	Physical traded commodities, including gold	11,761	-	-	-	9,997
28	Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties (CCPs)	-	1,200	-	-	1,020
29	NSFR derivative assets	-	12,057	-	-	4,898
30	NSFR Derivative liabilities before deduction of variation margin posted	-	15,519	-	-	3,104
31	All other assets not included in the above categories	-	2,588	1,152	27,215	29,201
32	**Off balance sheet items**	-	171,734	-	-	7,882
33	**Total RSF**					582,353
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.

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 19 Basel III APRA %	31 Dec 19 Basel III Internationally Comparable %
CET1	11. 7	17. 5
Tier 1	14. 1	20. 5
Total Capital	17. 4	24. 6

		31 Dec 19 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	**38,126**	Table A
2	Retained earnings	**30,808**	
3	Accumulated other comprehensive income (and other reserves)	**1,903**	
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	**70,837**	
Common Equity Tier 1 Capital: regulatory adjustments			
7	Prudential valuation adjustments	**(16)**	
8	Goodwill (net of related tax liability)	**(6,007)**	Table C
9	Other intangibles other than mortgage servicing rights (net of related tax liability)	**(1,665)**	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	**(548)**	
12	Shortfall of provisions to expected losses (1)	**-**	
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	**(18)**	
15	Defined benefit superannuation fund net assets (2)	**(244)**	
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 issued share capital (amount above 10% threshold)	**-**	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)	**62,339**	

(1) As at 31 December 2019 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. Effective 31 December 2019, the Group's GRCL methodology results in an amount lower than the provision recognised for accounting purposes, resulting in no additional GRCL requirement.

(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 19 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	**54**	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	**(6,111)**	Table G
26e	of which: deferred tax assets not reported in rows 10, 21 and 25	**(2,463)**	Table D
26f	of which: capitalised expenses	**(768)**	
26g	of which: investments in commercial (non-financial) entities that are deducted under APRA prudential requirements	**(153)**	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	**(518)**	
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)]	**(18,457)**	
29	CET1 (APRA)	**52,380**	
Additional Tier 1 Capital: instruments			
30	Directly issued qualifying Additional Tier 1 instruments		
31	of which: classified as equity under applicable accounting standards	**-**	
32	of which: classified as liabilities under applicable accounting standards	**10,695**	Table E
33	Directly issued capital instruments subject to phase out from Additional Tier 1	**143**	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	**-**	Table E
36	Additional Tier 1 Capital before regulatory adjustments	**10,838**	Table E
Additional Tier 1 Capital: regulatory adjustments			
37	Investments in own Additional Tier 1 instruments	**-**	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	**-**	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold)	**-**	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	**-**	
41	National specific regulatory adjustments (rows 41a, 41b, 41c)	**-**	
41a	of which: holdings of capital instruments in group members by other group members on behalf of third parties	**-**	
41b	of which: investments in the capital of financial institutions that are outside the scope of regulatory consolidations not reported in rows 39 and 40	**-**	
41c	of which: other national specific regulatory adjustments not reported in rows 41a and 41b	**-**	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	**-**	
43	Total regulatory adjustments to Additional Tier 1 Capital	**-**	
44	Additional Tier 1 Capital (AT1)	**10,838**	
45	Tier 1 Capital (T1=CET1+AT1)	**63,218**	
Tier 2 Capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments	**13,986**	Table F
47	Directly issued capital instruments subject to phase out from Tier 2	**288**	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	**482**	
51	Tier 2 Capital before regulatory adjustments	**14,756**	

(1) Total regulatory adjustments to CET1 of $18,457 million in row 28 is net of APRA's allowance for treasury shares held by the Group's employee share scheme trusts of $54 million as detailed in row 26a.

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

		31 Dec 19 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)	(6)	
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	(21)	
58	Tier 2 Capital (T2)	14,735	
59	Total Capital (TC=T1+T2)	77,953	
60	Total risk weighted assets based on APRA standards	449,154	
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	11.7%	
62	Tier 1 (as a percentage of risk weighted assets)	14.1%	
63	Total Capital (as a percentage of risk weighted assets)	17.4%	
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)	11.7%	
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	467	Table G
73	Significant investments in the ordinary shares of financial entities	5,644	Table G
74	Mortgage servicing rights (net of related tax liability)	-	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	2,463	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)	242	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	364	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	240	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	2,077	
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	1,574	
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	967	
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 19 Basel III APRA $M
1	Total consolidated assets as per published financial statements	979,868
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(7,283)
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	1,832
5	Adjustment for SFTs (i.e. repos and similar secured lending)	307
6	Adjustment for Off Balance Sheet exposures (i.e. conversion to credit equivalent amounts of Off Balance Sheet exposures)	83,949
7	Other adjustments	(18,250)
8	**Leverage ratio exposure**	**1,040,423**

APS 330 Table 18 – Leverage Ratio disclosure template

		31 Dec 19 Basel III APRA $M
On Balance Sheet exposures		
1	On Balance Sheet items (excluding derivatives and securities financing transactions (SFTs), but including collateral)	927,663
2	Asset amounts deducted in determining Tier 1 capital	(18,250)
3	**Total On Balance Sheet exposures (excluding derivatives and SFTs)**	**909,413**
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	9,769
5	Add-on amounts for potential future credit exposure (PFCE) associated with all derivatives transactions	15,497
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	1,629
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(245)
11	**Total derivative exposures**	**26,650**
SFT exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	20,104
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14	CCR exposure for SFT assets	307
15	Agent transaction exposures	-
16	**Total SFT exposures**	**20,411**
Other Off Balance Sheet exposures		
17	Off Balance Sheet exposure at gross notional amount	180,111
18	(Adjustments for conversion to credit equivalent amounts)	(96,162)
19	**Other Off Balance Sheet exposures**	**83,949**
Capital and total exposures		
20	Tier 1 Capital	63,218
21	Total exposures	1,040,423
Leverage ratio		
22	Leverage ratio (%)	6.1

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 2019.

	Group Balance Sheet $M	Adjustment [1] $M	Level 2 Regulatory Balance Sheet $M	Template/ Reconciliation Table Reference
Assets				
Cash and liquid assets	37,105	(1)	37,104	
Receivables due from other financial institutions	7,710	-	7,710	
Assets at fair value through Income Statement:				
Trading	38,609	-	38,609	
Other	1,204	(536)	668	
Derivative assets	24,818	-	24,818	
Investment securities:				
At amortised cost	6,285	-	6,285	
At fair value through Other Comprehensive Income	73,113	-	73,113	Table G
Loans, bills discounted and other receivables	765,464	(6,105)	759,359	
Investment in regulatory non-consolidated subsidiaries	-	2,685	2,685	Table G
Property, plant and equipment	5,205	1	5,206	
Investment in associates and joint ventures	3,054	-	3,054	Table G
Intangible assets	7,729	10	7,739	Table C
Deferred tax assets	1,892	(32)	1,860	Table D
Other assets	6,474	(2,106)	4,368	
Assets held for sale	1,206	(1,199)	7	
Total assets	979,868	(7,283)	972,585	
Liabilities				
Deposits and other public borrowings	662,824	664	663,488	
Payables due to other financial institutions	23,822	1	23,823	
Liabilities at fair value through Income Statement	4,752	-	4,752	
Derivative liabilities	24,692	-	24,692	
Current tax liabilities	458	-	458	
Provisions	2,855	(381)	2,474	
Debt issues	153,327	(6,230)	147,097	
Bills payable and other liabilities	9,998	(476)	9,522	
Loan capital	25,425	-	25,425	Table E
Liabilities held for sale	562	(549)	13	
Total liabilities	908,715	(6,971)	901,744	
Net assets	71,153	(312)	70,841	
Shareholders' Equity				
Share capital:				
Ordinary share capital	38,126	-	38,126	Row 1, Table A
Reserves	1,910	(7)	1,903	Row 3
Retained profits	31,066	(258)	30,808	Row 2
Shareholders' Equity attributable to Equity holders of the Bank	71,102	(265)	70,837	
Non-controlling interests	51	(47)	4	Table B
Total Shareholders' Equity	71,153	(312)	70,841	

(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.

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 19 $M	Template Reference
Share Capital		
Ordinary Share Capital	38,126	
Total per Balance Sheet (Ordinary Share Capital Internationally Comparable) (1)	38,126	Row 1
Treasury Shares held by the Group's employee share scheme trusts (APRA specific adjustment)	54	Row 26a
Total Ordinary Share Capital and Treasury Shares (APRA)	38,180	

Table B	31 Dec 19 $M	Template Reference
Non Controlling Interests		
Total per Balance Sheet (1)	4	
Less other non controlling interests not included in capital	(4)	
Total per Capital Template (APRA and Internationally Comparable)	-	Row 5

Table C	31 Dec 19 $M	Template Reference
Goodwill & Other Intangibles		
Total per Balance Sheet (1)	7,739	
Less capitalised software and other intangibles separately disclosed in template	(1,732)	
Total per Capital Template - Goodwill (APRA and Internationally Comparable)	6,007	Row 8
Other intangibles (including capitalised software) per Balance Sheet	1,732	
Less DTL associated with other intangibles	(67)	
Total per Capital Template - Other Intangibles (APRA and Internationally Comparable)	1,665	Row 9

Table D	31 Dec 19 $M	Template Reference
Deferred Tax Assets		
Deferred tax asset per Balance Sheet (1)	1,860	
Less deferred tax liability per Balance Sheet (1)	-	
Net Deferred Tax Assets (2)	1,860	
Adjustments required in accordance with APRA prudential standards (3)	603	
Deferred tax asset adjustment before applying prescribed thresholds (APRA specific adjustment)	2,463	Row 26e
Less amounts below prescribed threshold - risk weighted (4)	(2,463)	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, 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 19 $M	Template Reference
Additional Tier 1 Capital		
Total Loan Capital per Balance Sheet [(1)]	25,425	
Less fair value hedge adjustments [(2)]	(344)	
Total Loan Capital net of issue costs at their contractual values	25,081	
Less amount related to Tier 2 Capital Instruments	(14,306)	
Total Tier 1 Loan Capital	10,775	
Add issue costs [(3)]	63	
Less Basel III transitional relief amortisation for directly issued instruments [(4)]	-	Row 83
Less Basel III transitional relief amortisation for instruments issued by subsidiaries [(4)]	-	Row 83
Total per Capital Template (APRA)	10,838	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	
PERLS XII	1,650	
	10,695	Row 32
Basel III Non Complying Instruments		
Other Instruments	143	
Less Basel III transitional relief amortisation for directly issued instruments [(4)]	-	Row 83
	143	Row 33
Total Basel III Non Complying Instruments	143	
Total Additional Tier 1 Capital Instruments (APRA)	10,838	Row 36

Table F	31 Dec 19 $M	Template Reference
Tier 2 Capital Instruments		
Total included in Balance Sheet	14,306	
Less amount of Tier 2 debt issued by subsidiary ineligible for inclusion in the Group's Capital [(5)]	(74)	
Add issue costs [(3)]	42	
Less amortisation of instruments [(6)]	-	
Less Basel III transitional relief amortisation for directly issued instruments [(4)]	-	Row 85
Total per Capital Template (APRA and Internationally Comparable)	14,274	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 Commbank.com.au/regulatorydisclosures

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

Table G	31 Dec 19 $M	Template Reference
Equity Investments		
Investment in commercial entities	**153**	Row 26g
Investments in significant financial entities	**2,959**	Row 26d, 73
Investments in non-significant financial entities	**467**	Row 26d, 72
	3,579	
Equity investment in non-consolidated subsidiaries	**2,685**	Row 26d, 73
Total Equity Investments before applying prescribed thresholds APRA specific adjustment [(1)]	**6,264**	
Less amounts risk weighted under Internationally Comparable [(2)]	**(6,264)**	
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 $2,959 million, investments in non-significant financial entities of $467 million and equity investment in non-consolidated subsidiaries of $2,685 million is a total of $6,111 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 $153 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	6,265	1.000%	0.017%	
Hong Kong	867	2.000%	0.005%	
Norway	878	2.500%	0.006%	
Sweden	399	2.500%	0.003%	
France	266	0.250%	0.000%	
Others	354,967	0.000%	0.000%	
Total	**363,642**		**0.031%**	**Row 66**

(1) Represents country of ultimate risk as at 31 December 2019.
(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	1,384	1,385
Medallion Trust Series 2017-2	1,726	1,727
Medallion Trust Series 2018-1	1,637	1,638
Medallion Trust Series 2019-1	1,502	1,502

Entity name	Total Assets $M	Total Liabilities $M
(b) Insurance and Funds Management		
Avanteos Investments Limited	119	56
Avanteos Pty Ltd	-	-
CISL (NO. 1) Pty Limited	-	-
Colonial (UK) Trustees Limited	-	-
Colonial First State Investments Limited	994	605
Colonial Mutual Superannuation Pty Ltd	10	-
Colonial Services Pty Limited	-	-
Commonwealth Custodial Services Pty Ltd	-	-
Commonwealth Insurance Limited	1,009	803
Emerald Holding Company Pty Limited	-	-
Premium Alternative Investments Pty Limited	-	-
Premium Plantations Pty Limited	-	-
Premium Plantations Services Pty Ltd	-	-
PT Commonwealth Life	822	561
PT First State Investments Indonesia	4	2
St Andrew's Australia Pty Ltd	-	-

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 Commbank.com.au/regulatorydisclosures.

11.6 List of APRA APS 330 Tables (continued)

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

11.7 List of Supplemental Tables and Diagrams

11.8 Glossary

Term	Definition
Additional Tier 1 (AT1) 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).
CBA	Commonwealth Bank of Australia – the head entity of the Group.
Central counterparty (CCP)	A clearing house that interposes itself between counterparties to contracts traded in one or more financial markets, thereby ensuring the future performance of open contracts.
Collective provision	All loans and receivables that do not have an individually assessed provision are assessed collectively for impairment. The collective provision is maintained to reduce the carrying value of the portfolio of loans to their estimated recoverable amounts. These provisions are reported in the Group's Financial Statements in accordance with Australian Accounting Standards (AASB 9 Financial Instruments).
Committed Liquidity Facility (CLF)	The Reserve Bank of Australia (RBA) provides the CLF to participating ADIs under the LCR, as a shortfall in Commonwealth government and semi-government securities exists in Australia. ADIs can draw under the CLF in a liquidity crisis against qualifying securities pledged to the RBA. 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.
Countercyclical capital buffer (CCyB)	An extension of the capital conservation buffer that can be imposed by the national authority to protect the banking sector from periods of excess credit growth that have often been associated with the build-up of system-wide risk.
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.
Level 1	The Parent Bank (Commonwealth Bank of Australia) and offshore branches (the Bank) and APRA approved Extended Licensed Entities (ELE).
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 businesses.
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.

11.8 Glossary (continued)

Term	Definition
Net Cash Outflows (NCO)	Net cash outflows in the LCR are calculated by applying prescribed run-off factors on liabilities and various Off Balance Sheet exposures that can generate a cash outflow in the next 30 days.
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.
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.

11.8 Glossary (continued)

Term	Definition
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.
Value-at-Risk (VaR)	Value-at-Risk (VaR) is a measurement of potential loss using historically observed market volatility and correlation between different markets.