Commonwealth Bank

# Basel III Pillar 3

Capital Adequacy and Risk Disclosures
as at 31 December 2020

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The release of this announcement was authorised by Kristy Huxtable, Company Secretary.

# Contents

# Introduction

## 1 Introduction

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

This document is prepared for CBA and its subsidiaries (the Group) in accordance with a Board approved policy and APRA Prudential Standard APS 330 "Public Disclosure" (APS 330). It presents information on the Group's capital adequacy and Risk Weighted Assets (RWA) calculations for credit risk including securitisation, traded market risk, Interest Rate Risk in the Banking Book (IRRBB) and operational risk.

This document also presents information on the Group's leverage and liquidity ratios and countercyclical capital buffer (CCyB) in accordance with prescribed methodologies.

The Group is required to report its assessment of capital adequacy on a Level 2 basis. Level 2 is defined as the Consolidated Banking Group excluding the general 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 the Advanced Measurement Approach (AMA) for operational risk. The Group is also required to assess its traded market risk and IRRBB requirement under Pillar 1 of the Basel capital framework.

This document is unaudited, however, it has been prepared consistent with information that has been supplied to APRA. PwC have provided recommendations to enhance the internal controls related to the calculation of RWA and the Group has an action plan in place to implement these recommendations.

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

### The Group in Review

| Summary Group Capital Adequacy Ratios (Level 2) | 31 Dec 20 % | 30 Jun 20 % | 31 Dec 19 % |
|---|---|---|---|
| Common Equity Tier 1 | **12.6** | 11.6 | 11.7 |
| Tier 1 | **15.0** | 13.9 | 14.1 |
| Tier 2 | **3.9** | 3.6 | 3.3 |
| **Total Capital (APRA)** | **18.9** | 17.5 | 17.4 |
| **Common Equity Tier 1 (Internationally Comparable)** [1] | **18.7** | 17.4 | 17.5 |

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

#### Group Capital Ratios

As at 31 December 2020, the Group's Basel III Common Equity Tier 1 (CET1), Tier 1 and Total Capital ratios as measured on an APRA basis were 12.6%, 15.0% and 18.9% respectively. The Basel III CET1 ratio was 18.7% on an internationally comparable basis as at 31 December 2020.

#### Leverage Ratio

The Group's leverage ratio, which is defined as Tier 1 Capital as a percentage of total exposures, was 6.0% at 31 December 2020 on an APRA basis and 6.8% on an internationally comparable basis.

#### Liquidity Coverage Ratio

The Liquidity Coverage Ratio (LCR) requires Australian ADIs to hold sufficient liquid assets to meet 30 day Net Cash Outflows (NCOs) projected under an APRA prescribed stress scenario. The Group maintained an average LCR of 143% in the December 2020 quarter.

On 19 March 2020, the Reserve Bank of Australia (RBA) announced the establishment of a three year Term Funding Facility (TFF) offered to eligible ADIs to support lending to Australian businesses. As at 31 December 2020, the Group had a total TFF allocation of $41.0 billion, with its Initial Allowance of $19.1 billion fully drawn, and its Supplementary Allowance of $13.0 billion and Additional Allowance of $8.9 billion undrawn. As at 1 February 2021, the Group's total available TFF allocation was $40.9 billion.

#### Net Stable Funding Ratio

The Net Stable Funding Ratio (NSFR) is the ratio of the amount of Available Stable Funding (ASF) to the amount of Required Stable Funding (RSF). Factors prescribed by APRA are used to determine the stable funding requirement of assets and the stability of alternative sources of funding. The Group's NSFR was 123% at 31 December 2020.

#### COVID-19 Impacts

The Group has introduced a number of measures to support customers impacted by COVID-19. Further details of these measures are provided on page 12.

APRA made several announcements in response to the economic environment resulting from COVID-19. Further details of the temporary regulatory measures are provided on page 5.

#### Policy Framework

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

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

**Policy Framework (continued)**

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

The Group's capital forecasting process and capital plans are in place to ensure a sufficient capital buffer above minimum levels is maintained at all times. The Group manages its capital by regularly and simultaneously considering regulatory capital requirements, rating agency views on the capital required to maintain the Group's credit rating, the market response to capital levels and stress testing. These views then cascade into consideration of the target capital level. The Group's management of its capital adequacy is supported by robust capital management processes applied in each Business Unit (BU). The results are integrated into the Group's risk-adjusted performance and pricing processes.

# 2 Scope of Application

This document has been prepared in accordance with Board approved policy and reporting requirements set out in APS 330.

APRA adopts a tiered approach to the measurement of an ADI's capital adequacy:

- **Level 1:** the Parent Bank (CBA) and offshore branches (the Bank) and APRA approved Extended Licensed Entities (ELE);
- **Level 2:** the Consolidated Banking Group excluding the insurance 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[1] (the Group).

The Group is required to report its assessment of capital adequacy on a Level 2 basis. The head of the Level 2 Group is the Parent Bank. Additional disclosure of capital ratios relating to material ADIs within the Group together with CBA's own Level 1 capital ratios are included under APS 330 Table 6g of this report (page 7).

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

In December 2020, the Group:

- Established a new banking entity in Amsterdam, CBA Europe N.V.; and
- Completed the divestment of its 37.5% equity interest in BoCommLife Insurance Company (BoCommLife).

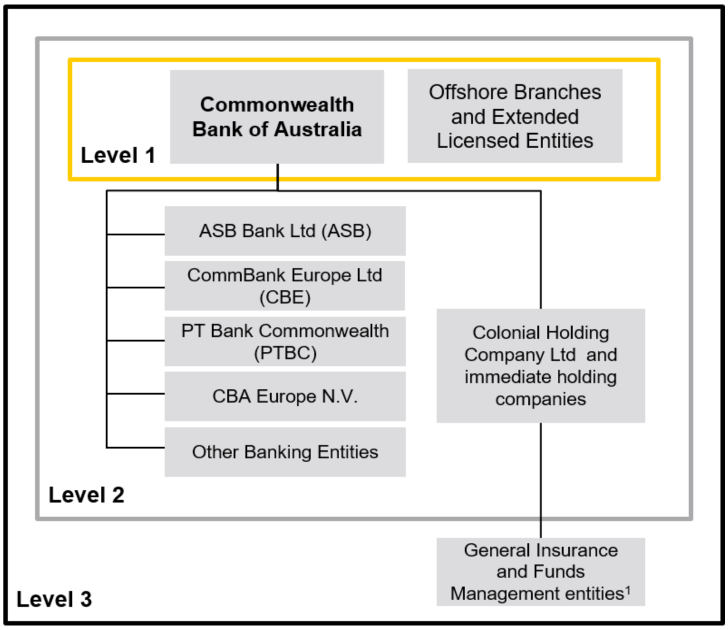
CBA Europe N.V., CommBank Europe Ltd (CBE) and PT Bank Commonwealth (PTBC) apply the Standardised Basel III methodology in calculating regulatory capital requirements.

## Restrictions on transfer of funds or regulatory capital within the Group

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

The Bank and all of the subsidiaries of the Group are adequately capitalised. With the exception of RBNZ imposed restrictions on the payment of dividends (refer to page 6), there are no restrictions or other major impediments on the transfer of funds within the Group. There are no capital deficiencies in non-consolidated (regulatory) subsidiaries in the Group.

## APS 330 reporting structure




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

# 3 Capital

## Capital Adequacy

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

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

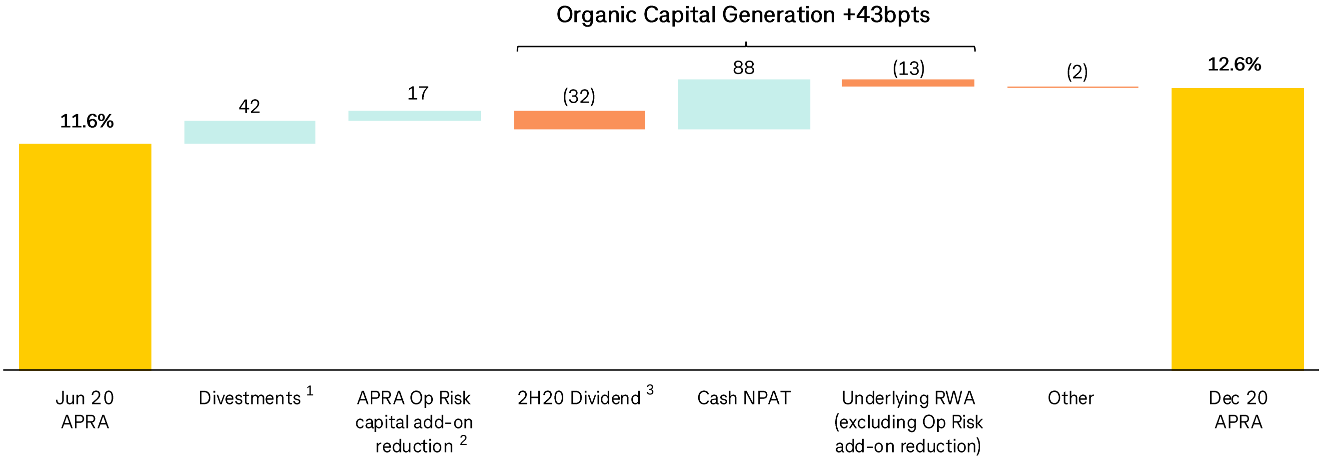
The Group is required to inform APRA immediately of any breach or potential breach of its PCR, including details of remedial action taken or planned to be taken.

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

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

## Capital Position

**Capital – CET1 (APRA)**
**+100bpts in 1H21**




1 Relates to additional receipt of funds as part of the divestment of CommInsure Life, the completion of the divestment of BoCommLife, and benefit from the revised calculation of non-cash gains and losses on disposal of previously announced divestments.

2 The benefit from a 50% reduction in APRA's operational risk regulatory capital add-on from $1 billion to $500 million (reduction of $6.25 billion RWA).

3 The 2020 final dividend included the issuance of $264 million of shares (CET1 impact of 6 basis points) in respect of the DRP.

The Group has a strong capital position, with the 31 December 2020 CET1 ratio (APRA) of 12.6%, above APRA's 'unquestionably strong' benchmark of 10.5% and well above the prudential minimum of 8%. The CET1 ratio was consistently well in excess of regulatory minimum capital adequacy requirements at all times throughout the half year ended 31 December 2020.

After allowing for the impact of the 2020 final dividend, net of shares issued under the DRP (-32 basis points), the CET1 ratio increased by 132 basis points in the half year ended 31 December 2020. This was driven by capital generated from earnings (+88 basis points), benefit from divestments (+42 basis points), and a 50% reduction in APRA's operational risk capital add-on (+17 basis points). This was partially offset by higher underlying RWA (-13 basis points) and other items (-2 basis points).

Further details on the movements in RWA are provided on page 10.

## Capital Initiatives

The following significant capital initiatives were undertaken during the half year ended 31 December 2020:

### Common Equity Tier 1 Capital

- The DRP in respect of the 2020 final dividend was satisfied by the issuance of $264 million of ordinary shares, representing a participation rate of 15.2%.

### Tier 2 Capital

- In August 2020, the Bank issued an AUD205 million subordinated note and an AUD200 million subordinated note that are both Basel III compliant Tier 2 capital;
- In September 2020, the Bank issued an AUD1,400 million subordinated note that is Basel III compliant Tier 2 capital; and
- In December 2020, the Bank issued an AUD270 million subordinated note that is Basel III compliant Tier 2 capital.

## Basel Regulatory Framework

APRA has implemented a set of capital, liquidity and funding reforms based on the Basel Committee on Banking Supervision (BCBS) "Basel III" framework. The objectives of the reforms are to increase the quality, consistency and transparency of capital, to enhance the risk coverage framework, and to reduce systemic and pro-cyclical risk. The APRA prudential standards require a minimum CET1 ratio of 4.5% effective from 1 January 2013. An additional CET1 capital conservation buffer of 3.5%, inclusive of a Domestic Systemically Important Bank (D-SIB) requirement of 1% and a CCyB[1] of 0% (effective from 1 January 2016), brings the minimum CET1 ratio requirement to 8%.

## Unquestionably Strong Capital Ratios

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

APRA's expectation is that the Australian major banks will operate for the majority of the year with a CET1 ratio of 10.5% or more. As at 31 December 2020, the Group's CET1 ratio was 12.6%, and was above the 10.5% benchmark for the entire 2020 calendar year.

Subsequently, APRA issued proposed revisions to the overall design of the capital framework and further detail of the proposed reforms is provided in 'Regulatory Reforms' below.

## APRA's COVID-19 Capital Announcements

On 19 March 2020, APRA announced temporary changes to its expectations regarding bank capital ratios and advised that, provided banks are able to meet their minimum capital requirements, the capital buffers built up over recent years to meet the 10.5% unquestionably strong benchmark CET1 capital ratio can be utilised to facilitate ongoing lending to the economy during the period of disruption caused by COVID-19.

On 23 March 2020, APRA announced its regulatory approach to COVID-19 customer support measures being offered by banks in the current environment. Additional guidance was provided in July 2020 and September 2020. This included capital relief in the form of ADIs being able to 'stop the clock' on arrears and relief for restructured loans. Further details are provided on page 12.

The Group has introduced a number of support measures for customers impacted by COVID-19, which include loan repayment deferral arrangements and the origination of loans under the Government's Small and Medium Enterprises (SME) Guarantee Scheme. Further details of these measures are provided on page 12.

On 15 December 2020, APRA announced that its guidance issued in July 2020 requiring banks to preserve capital through retaining at least half of their earnings during the period of disruption caused by COVID-19 will no longer apply from calendar year 2021. Nevertheless, in determining the appropriate level of dividends, APRA expects banks to moderate dividend payout ratios to ensure they are sustainable, taking into account the outlook for profitability, capital and the broader environment.

## Regulatory Reforms

### APRA

In February 2018, APRA commenced consultation on a number of proposed changes to the ADI capital framework, commonly known as "Basel III". Following an initial round of consultation and industry responses, in December 2020, APRA released a further consultation package titled "Discussion paper – A more flexible and resilient capital framework for ADIs". The objectives of the proposed changes are to increase the risk sensitivity within the capital framework, to enhance the ability to respond flexibly to future stress events, and to improve the comparability of the Australian framework with international standards. The package sets out APRA's key proposals based on feedback received in earlier consultations. APRA's proposals include:

- Higher regulatory capital buffers, with the CCyB set at 100 basis points for all ADIs and the capital conservation buffer increasing from 250 basis points to 400 basis points for Internal Ratings-based (IRB) ADIs such as CBA;
- Implementing more risk sensitive risk weights, particularly for residential mortgage lending, by targeting higher risk segments, such as interest only and investor mortgages;
- For non-retail credit portfolios, closer alignment of risk estimates relative to overseas peers and allowing internal models to be used for commercial property exposures. The expected decrease in RWAs due to this proposal will be tempered through higher scaling factors;
- RWA for New Zealand subsidiaries to be determined under RBNZ rules at the consolidated group level; and
- Implementing a 72.5% output floor to limit the capital benefit for IRB ADIs relative to standardised ADIs.

These proposals will result in changes to the calculation of RWA and will, therefore, impact the presentation of bank capital ratios. APRA expects that capital ratios will increase, as the amount of RWA will likely fall. APRA further reiterated that it is targeting a capital outcome in dollar terms that remains consistent with the "unquestionably strong" capital benchmark.

APRA intends to implement the Basel III changes on 1 January 2023.

In January 2019, the Basel Committee on Banking Supervision 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 yet to commence consultation on APS 116 "Capital Adequacy: Market Risk" and implementation is not expected until 2024.

In October 2019, APRA released a consultation paper on APS 111 "Capital Adequacy: Measurement of Capital" (APS 111). The consultation paper outlines 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 Level 1 CET1 capital. In November 2020, APRA advised that the 10% threshold will apply to new or additional investments into banking and insurance subsidiaries until APS 111 is finalised and implemented.

On 9 July 2019, APRA confirmed that the Australian loss-absorbing capacity regime will be established under the existing capital framework. For D-SIBs, including CBA, APRA will require an additional Total Capital requirement of 3% of RWA based on the existing capital framework, effective 1 January 2024. APRA is evaluating whether any consequential adjustment to the required amount of loss absorbing capacity is necessary, taking into account proposed changes to the capital framework announced in December 2020 as outlined above.

In August 2019, APRA released the final APS 222 "Associations with Related Entities". The revised standard is intended to strengthen the ability of ADIs to monitor, limit and control risk arising from transactions and other associations with related entities. These new requirements will be in place from 1 January 2022.

1 In December 2020, 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 (continued)

### Reserve Bank of New Zealand (RBNZ)

In December 2019, the RBNZ confirmed that the RWA of IRB 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.

The RBNZ announced that these reforms will commence from 1 July 2022 with a 6 year implementation period until 1 July 2028. Revisions to Additional Tier 1 and Tier 2 eligibility will commence on 1 July 2021.

On 2 April 2020, the RBNZ announced a freeze on the distribution of dividends by banks in New Zealand due to COVID-19. This restriction will remain in place until 31 March 2021, or later if required. Dividends from the Bank's New Zealand subsidiary, ASB, only affect the Group's Level 1 CET1 capital ratio. As at 31 December 2020, the Group's Level 1 CET1 capital ratio was 12.8%, well above APRA's unquestionably strong benchmark, and as such, the Group is well placed to absorb the suspension of dividends.

The RBNZ has provided concessions similar to those provided by APRA for loan deferrals granted in response to COVID-19.

## Group Regulatory Capital Position

| Summary Group Capital Adequacy Ratios (Level 2) | 31 Dec 20 % | 30 Jun 20 % | 31 Dec 19 % |
|---|---|---|---|
| Common Equity Tier 1 | **12. 6** | 11. 6 | 11. 7 |
| Tier 1 | **15. 0** | 13. 9 | 14. 1 |
| Tier 2 | **3. 9** | 3. 6 | 3. 3 |
| **Total Capital (APRA)** | **18. 9** | 17. 5 | 17. 4 |
| **Common Equity Tier 1 (Internationally Comparable)** [1] | **18. 7** | 17. 4 | 17. 5 |

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

| Group Regulatory Capital Position | APRA 31 Dec 20 $M | APRA 30 Jun 20 $M | APRA 31 Dec 19 $M |
|---|---|---|---|
| Ordinary share capital and treasury shares [1] | **38,432** | 38,182 | 38,180 |
| Reserves | **2,287** | 2,668 | 1,903 |
| Retained earnings | **33,915** | 30,886 | 30,808 |
| Non-controlling interests | **–** | – | – |
| Common Equity Tier 1 Capital before regulatory adjustments | **74,634** | 71,736 | 70,891 |
| Common Equity Tier 1 regulatory adjustments | **(17,539)** | (19,163) | (18,511) |
| Common Equity Tier 1 Capital | **57,095** | 52,573 | 52,380 |
| Additional Tier 1 Capital | **10,825** | 10,841 | 10,838 |
| Tier 1 Capital | **67,920** | 63,414 | 63,218 |
| Tier 2 Capital | **17,822** | 16,429 | 14,735 |
| **Total Capital** | **85,742** | 79,843 | 77,953 |
| **Risk Weighted Assets** | **453,616** | 454,948 | 449,154 |

1 Inclusive of treasury shares of $15 million (30 June 2020: $51 million, 31 December 2019: $54 million) held by the Group's eligible employee share scheme trusts.

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

# Capital (continued)

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

| Significant Group ADIs | 31 Dec 20 % | 30 Jun 20 % | 31 Dec 19 % |
|---|---|---|---|
| CBA Level 1 CET1 Capital ratio | **12. 8** | 11. 9 | 12. 1 |
| CBA Level 1 Tier 1 Capital ratio | **15. 3** | 14. 4 | 14. 6 |
| CBA Level 1 Total Capital ratio | **19. 3** | 18. 1 | 18. 0 |
| ASB CET1 Capital ratio | **12. 2** | 11. 5 | 11. 7 |
| ASB Tier 1 Capital ratio | **13. 9** | 13. 3 | 13. 5 |
| ASB Total Capital ratio | **14. 6** | 14. 0 | 14. 2 |

| CBA Level 1 | 31 Dec 20 $M | 30 Jun 20 $M | 31 Dec 19 $M |
|---|---|---|---|
| Common Equity Tier 1 Capital | **55,312** | 52,283 | 52,629 |
| Tier 1 Capital | **66,137** | 63,124 | 63,467 |
| Tier 2 Capital | **17,488** | 16,084 | 14,507 |
| **Total Capital** | **83,625** | 79,208 | 77,974 |
| Risk Weighted Assets | **433,568** | 438,345 | 433,275 |

| ASB Banking Group | 31 Dec 20 NZ$M | 30 Jun 20 NZ$M | 31 Dec 19 NZ$M |
|---|---|---|---|
| Common Equity Tier 1 Capital | **7,119** | 6,496 | 6,651 |
| Tier 1 Capital | **8,119** | 7,496 | 7,651 |
| Tier 2 Capital | **433** | 433 | 429 |
| **Total Capital** | **8,552** | 7,929 | 8,080 |
| Risk Weighted Assets | **58,377** | 56,542 | 56,784 |

## Regulatory Capital Frameworks Comparison

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

In July 2015, APRA published a study on the calculation of internationally comparable capital by Australian banks entitled "International capital comparison study" (APRA study). As at 31 December 2020, the Group's internationally comparable CET1, Tier 1 and Total Capital ratios were 18.7%, 21.8% and 26.9% respectively. The basis of this analysis aligns with the APRA study. The following table provides details on the differences, as at 31 December 2020, 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)** | | | **12. 6** | **15. 0** | **18. 9** |
| Equity investments | Appendix 1 Items 1, 2, 4 | Balances below prescribed threshold are risk weighted, compared to a 100% CET1 deduction under APRA's requirements. | 0. 7 | 0. 6 | 0. 5 |
| 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. 5 | 0. 4 | 0. 3 |
| IRRBB RWA | 3.3.2 | APRA requires capital to be held for IRRBB. The BCBS does not have any capital requirement. | 0. 4 | 0. 5 | 0. 6 |
| Residential mortgages | 3.3.1 | Loss Given Default (LGD) of 15%, compared to the 20% LGD floor under APRA's requirements and adjustments for higher correlation factor applied by APRA for Australian residential | 2. 4 | 2. 8 | 3. 5 |
| Other retail standardised exposures | 3.3.6 | Risk weighting of 75%, rather than 100% under APRA's requirements. | – | – | 0. 1 |
| Unsecured non-retail exposures | 3.3.3 | LGD of 45%, compared to the 60% or higher LGD under APRA's requirements. | 0. 4 | 0. 5 | 0. 6 |
| Non-retail undrawn commitments | 3.3.4 | Credit conversion factor of 75%, compared to 100% under APRA's requirements. | 0. 4 | 0. 5 | 0. 6 |
| Specialised lending | 3.3.5 | Use of AIRB Probability of Default (PDs) and LGDs for income producing real estate and project finance exposures, reduced by application of a scaling factor of 1.06. APRA applies higher risk weights under a supervisory slotting approach, but does not require the application of the scaling factor. | 1. 1 | 1. 3 | 1. 6 |
| Currency conversion | 3.3.7 | Increase in the A$ equivalent concessional threshold level for small business retail and SME corporate exposures. | 0. 1 | 0. 1 | 0. 2 |
| **Subtotal** [1] | | | 18. 7 | 21. 8 | 27. 0 |
| Basel III non-compliant instruments | | Removal of Basel III non-compliant Tier 1 and Tier 2 instruments that are currently subject to transitional rules. | – | – | (0. 1) |
| **Basel III (Internationally Comparable - aligns with APRA study)** | | | **18. 7** | **21. 8** | **26. 9** |

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

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

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

# 4 Leverage Ratio

The Group's Leverage Ratio, defined as Tier 1 Capital as a percentage of total exposures, was 6.0% at 31 December 2020 on an APRA basis and 6.8% on an internationally comparable basis. The ratio increased 10 basis points on an APRA basis from 30 June 2020 driven by higher Tier 1 Capital, partly offset by growth in exposures.

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 2023.

| Summary Group Leverage Ratio [1] | 31 Dec 20 | 30 Sep 20 | 30 Jun 20 | 31 Mar 20 | 31 Dec 19 |
|---|---|---|---|---|---|
| Tier 1 Capital ($M) | **67,920** | 64,423 | 63,414 | 61,142 | 63,218 |
| Total Exposures ($M) [2] | **1,125,048** | 1,105,321 | 1,073,131 | 1,102,574 | 1,040,423 |
| **Leverage Ratio (APRA) (%)** | **6. 0** | 5. 8 | 5. 9 | 5. 5 | 6. 1 |
| **Leverage Ratio (Internationally Comparable) (%)** [3] | **6. 8** | 6. 6 | 6. 7 | 6. 4 | 7. 0 |

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" (APS 110). Refer to Appendix 11.2 for the calculation of the 31 December 2020 exposures.
3 The Tier 1 Capital included in the calculation of the internationally comparable leverage ratio aligns with the APRA study and includes Basel III non-compliant Tier 1 instruments that are currently subject to transitional rules.

## 5 Risk Weighted Assets

RWA are calculated using the AIRB approach for the majority of the Group's credit risk exposures. Internal assessment and supervisory formula approaches are used, where relevant, for non-rated securitisation exposures and for rated exposures where APS 120 "Securitisation" (APS 120) prohibits the Group using the ratings-based approach. The ratings-based approach is used for securitisation exposures rated by External Credit Assessment Institutions (ECAI) where APS 120 allows or requires.

APS 330 Table 6b to 6f – Basel III Capital Requirements (RWA)

| | Risk Weighted Assets | | | Change in RWA for December 2020 half | |
|---|---|---|---|---|---|
| | 31 Dec 20 | 30 Jun 20 | 31 Dec 19 | | |
| **Asset Category** | $M | $M | $M | $M | % |
| **Credit Risk** | | | | | |
| **Subject to AIRB approach** [1] | | | | | |
| Corporate | **69,157** | 69,577 | 67,236 | (420) | (0. 6) |
| SME corporate | **30,662** | 30,890 | 31,560 | (228) | (0. 7) |
| SME retail | **6,583** | 6,665 | 5,976 | (82) | (1. 2) |
| SME retail secured by residential mortgage | **3,087** | 3,360 | 3,314 | (273) | (8. 1) |
| Sovereign | **2,668** | 1,838 | 1,682 | 830 | 45. 2 |
| Bank | **6,424** | 6,667 | 7,964 | (243) | (3. 6) |
| Residential mortgage | **151,950** | 148,294 | 147,865 | 3,656 | 2. 5 |
| Qualifying revolving retail | **5,816** | 6,697 | 7,802 | (881) | (13. 2) |
| Other retail | **11,511** | 12,126 | 13,490 | (615) | (5. 1) |
| **Total RWA subject to AIRB approach** | **287,858** | 286,114 | 286,889 | 1,744 | 0. 6 |
| **Specialised lending** | **60,136** | 58,611 | 56,024 | 1,525 | 2. 6 |
| **Subject to standardised approach** | | | | | |
| Corporate | **1,194** | 957 | 1,309 | 237 | 24. 8 |
| SME corporate | **752** | 742 | 756 | 10 | 1. 3 |
| SME retail | **2,660** | 2,929 | 4,586 | (269) | (9. 2) |
| Sovereign | **286** | 267 | 218 | 19 | 7. 1 |
| Bank | **150** | 68 | 66 | 82 | large |
| Residential mortgage | **6,466** | 6,635 | 6,478 | (169) | (2. 5) |
| Other retail | **1,017** | 1,132 | 1,225 | (115) | (10. 2) |
| Other assets | **8,504** | 10,281 | 9,752 | (1,777) | (17. 3) |
| **Total RWA subject to standardised approach** | **21,029** | 23,011 | 24,390 | (1,982) | (8. 6) |
| Securitisation | **2,981** | 3,015 | 3,191 | (34) | (1. 1) |
| Credit valuation adjustment | **4,446** | 3,057 | 4,358 | 1,389 | 45. 4 |
| Central counterparties | **450** | 386 | 365 | 64 | 16. 6 |
| **Total RWA for credit risk exposures** | **376,900** | 374,194 | 375,217 | 2,706 | 0. 7 |
| Traded market risk | **11,161** | 12,457 | 5,428 | (1,296) | (10. 4) |
| Interest rate risk in the banking book | **15,561** | 11,085 | 8,998 | 4,476 | 40. 4 |
| Operational risk | **49,994** | 57,212 | 59,511 | (7,218) | (12. 6) |
| **Total risk weighted assets** | **453,616** | 454,948 | 449,154 | (1,332) | (0. 3) |

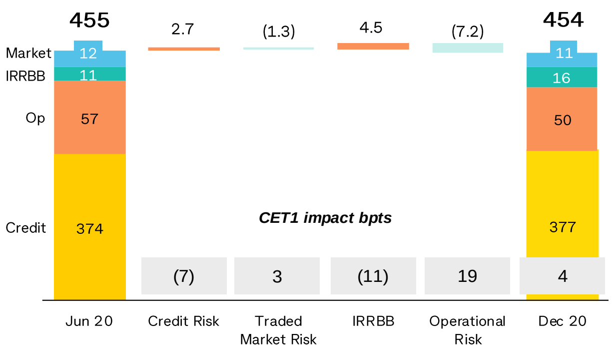
1 Pursuant to APRA requirements, RWA amounts derived from AIRB risk weight functions have been multiplied by a scaling factor of 1.06.

# Risk Weighted Assets (continued)

## Risk Weighted Assets

Total RWA decreased by $1.3 billion on the prior half to $453.6 billion driven by decreases in operational risk RWA and traded market risk RWA, partly offset by higher credit risk RWA and IRRBB RWA.

**Total Risk Weighted Assets ($B)**

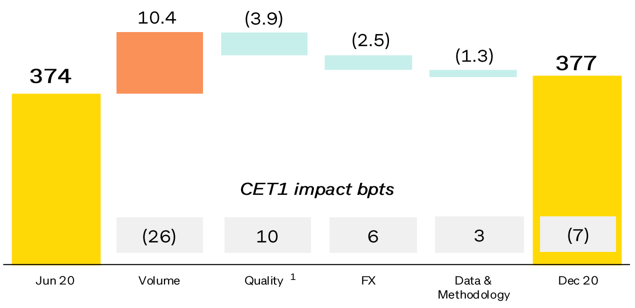



## Credit Risk RWA

Credit risk RWA increased by $2.7 billion on the prior half to $376.9 billion, primarily driven by:

- Volume growth across commercial portfolios, residential mortgages and bank and sovereign exposures, partly offset by a reduction in unsecured retail portfolios and in exposures subject to standardised treatment (+$10.4 billion); partly offset by
- Credit quality improvement (-$3.9 billion), primarily across retail portfolios, driven by:
  - improved loan serviceability;
  - growth in mortgage offset balances;
  - higher provision coverage on defaulted assets, reducing RWA;
- Foreign currency movements due to appreciation of the AUD against major currencies (-$2.5 billion); and
- Data and methodology, credit risk estimates and other changes (-$1.3 billion).

**Credit Risk Weighted Assets ($B)**




1 Credit quality includes portfolio mix.

## Traded Market Risk RWA

Traded market risk RWA decreased by $1.3 billion or 10% on the prior half. This was mainly due to the implementation of an enhanced model measurement approach for certain interest rate option exposures.

## Interest Rate Risk in the Banking Book (IRRBB) RWA

IRRBB RWA increased by $4.5 billion or 40% on the prior half. This was due to changes in interest rate risk management positions and increased size of the replicating portfolio due to growth in deposits.

## Operational Risk RWA

Operational risk RWA decreased by $7.2 billion or 13% on the prior half. The decrease is mainly due to a 50% reduction in APRA's operational risk add-on from $12.5 billion to $6.25 billion.

The Group regularly reviews and updates its operational risk RWA to reflect material changes in its operational risk profile in accordance with the Operational Risk Management Framework and governance processes.

## Explanation of Change in Credit RWA

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

| | | Credit RWA movement drivers | | | | |
|---|---|---|---|---|---|---|
| **Asset Category** | **Change in RWA for Dec 20 half $M** | **Volume changes $M** | **FX changes $M** | **Credit risk estimates changes and regulatory treatments $M** | **Data and methodology changes $M** | **Change in credit quality [1] $M** |
| AIRB corporate including SME and specialised lending | **522** | 6,181 | (2,007) | (2,100) | (527) | (1,025) |
| AIRB bank | **(243)** | 383 | (190) | 39 | – | (475) |
| AIRB sovereign | **830** | 569 | (38) | 277 | – | 22 |
| AIRB consumer retail | **2,160** | 4,758 | 70 | 1,273 | 263 | (4,204) |
| Standardised [2] | **(529)** | (1,396) | (375) | (124) | (351) | 1,717 |
| Securitisation exposures | **(34)** | (115) | – | – | – | 81 |
| **Total credit RWA movement** | **2,706** | 10,380 | (2,540) | (635) | (615) | (3,884) |

1 Credit quality includes portfolio mix.
2 Including other assets, Central Counterparty (CCP) and Credit Valuation Adjustment (CVA).

# 6 Credit Risk

## 6.1 COVID-19 Customer Support Measures

The Group has introduced a number of support measures for customers impacted by the COVID-19 pandemic, including loan repayment deferrals. To support ADIs in providing this assistance to customers, APRA provided temporary capital relief which had the effect that where a borrower was otherwise performing, and their loan was subject to repayment deferrals as part of a COVID-19 support package, the repayment deferrals would not be treated as a period of arrears and the loan would not be regarded as restructured. Additionally, to facilitate ADIs transitioning impacted borrowers to a regular repayment schedule, APRA will temporarily adjust the capital requirements so that a borrower's facilities can be restructured and immediately returned to a performing status provided the restructure occurs before 31 March 2021. The RBNZ has provided similar concessions for repayment deferrals granted in response to COVID-19.

As at 31 December 2020, ~38,000 accounts (30 June 2020: ~240,000 accounts) with a total Exposure at Default (EAD) of $14.0 billion (30 June 2020: ~$73.5 billion) have been granted COVID-19 repayment deferrals. Of these ~37,000 accounts (30 June 2020: ~234,000 accounts) with a total EAD of $13.6 billion (30 June 2020: ~$71.9 billion) qualify for APRA/RBNZ concessional treatment, shown in the table below.

**Loan Deferrals by Asset Category**

| | 31 December 2020 | | 30 June 2020 | |
|---|---|---|---|---|
| **Asset Category** | **Exposure at Default $M** | **Risk Weighted Assets $M** | **Exposure at Default $M** | **Risk Weighted Assets $M** |
| Corporate | **10** | **11** | 813 | 714 |
| SME corporate | **279** | **205** | 8,305 | 4,799 |
| SME retail | **142** | **86** | 3,400 | 1,633 |
| SME retail secured by residential mortgage | **108** | **78** | 2,429 | 1,484 |
| Residential mortgage | **13,026** | **5,768** | 54,855 | 22,683 |
| Qualifying revolving retail | **–** | **–** | 27 | 21 |
| Other retail | **5** | **5** | 113 | 159 |
| Specialised lending | **48** | **55** | 1,949 | 2,080 |
| **Total** | **13,618** | **6,208** | 71,891 | 33,573 |

The Group has also participated in the Australian Government's SME Guarantee Scheme. APRA has confirmed that the SME Guarantee Scheme will be regarded as an eligible guarantee by the government for risk weighting purposes. ASB has participated in a similar scheme in New Zealand. The Group will continue to provision for these loans under relevant accounting standards.

## 6.2 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 2020 | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Off Balance Sheet | | | | | |
| Portfolio Type | On Balance Sheet $M | Non-market related $M | Market related $M | Total $M | Average exposure for December 2020 half [1] $M | Change in exposure for December 2020 half [2] $M | % |
| **Subject to AIRB approach** | | | | | | | |
| Corporate | 65,063 | 48,518 | 10,112 | **123,693** | 123,330 | 726 | 0. 6 |
| SME corporate | 43,057 | 10,566 | 789 | **54,412** | 53,134 | 2,556 | 4. 9 |
| SME retail | 7,082 | 4,508 | 11 | **11,601** | 11,593 | 16 | 0. 1 |
| SME retail secured by residential mortgage | 3,649 | 1,655 | – | **5,304** | 5,421 | (233) | (4. 2) |
| Sovereign | 135,955 | 1,151 | 2,366 | **139,472** | 123,798 | 31,348 | 29. 0 |
| Bank | 17,057 | 404 | 7,255 | **24,716** | 24,445 | 542 | 2. 2 |
| Residential mortgage | 543,741 | 80,069 | – | **623,810** | 611,662 | 24,297 | 4. 1 |
| Qualifying revolving retail | 8,124 | 16,502 | – | **24,626** | 24,968 | (683) | (2. 7) |
| Other retail | 6,662 | 3,022 | – | **9,684** | 9,770 | (171) | (1. 7) |
| **Total AIRB approach** | 830,390 | 166,395 | 20,533 | **1,017,318** | 988,121 | 58,398 | 6. 1 |
| **Specialised lending** | 56,649 | 9,844 | 2,204 | **68,697** | 67,565 | 2,264 | 3. 4 |
| **Subject to standardised approach** | | | | | | | |
| Corporate | 1,026 | 153 | 15 | **1,194** | 1,076 | 237 | 24. 8 |
| SME corporate | 604 | 141 | 7 | **752** | 747 | 11 | 1. 5 |
| SME retail | 1,872 | 774 | 8 | **2,654** | 2,787 | (266) | (9. 1) |
| Sovereign | 594 | 1 | – | **595** | 580 | 30 | 5. 3 |
| Bank | 666 | – | – | **666** | 495 | 342 | large |
| Residential mortgage | 13,090 | 1,681 | – | **14,771** | 14,936 | (331) | (2. 2) |
| Other retail | 968 | 36 | – | **1,004** | 1,062 | (116) | (10. 4) |
| Other assets | 23,408 | – | – | **23,408** | 20,604 | 5,609 | 31. 5 |
| Central counterparties | – | – | 10,641 | **10,641** | 10,562 | 158 | 1. 5 |
| **Total standardised approach** | 42,228 | 2,786 | 10,671 | **55,685** | 52,849 | 5,674 | 11. 3 |
| **Total Credit Exposures** [3] | 929,267 | 179,025 | 33,408 | **1,141,700** | 1,108,535 | 66,336 | 6. 2 |

1 The simple average of balances as at 31 December 2020 and 30 June 2020.
2 The difference between exposures as at 31 December 2020 and 30 June 2020.
3 Total credit risk exposures (calculated as EAD) do not include equities or securitisation exposures.

### Explanation of Change in Credit Risk Exposure

Details of credit risk exposure movements over the half year are as follows.

| Asset Category | Total exposure change $M | Regulatory Exposure Driver |
|---|---|---|
| AIRB corporate (including SME corporate and SME retail) and specialised lending | **5,329** | Volume growth across most portfolios, partly offset by foreign exchange rate (FX) movements |
| AIRB sovereign | **31,348** | Increase in liquid assets held with central banks |
| AIRB bank | **542** | Increase in liquid assets |
| AIRB consumer retail | **23,443** | Volume growth in residential mortgages, partly offset by reductions in other consumer retail portfolios |
| **Total advanced and specialised lending** | **60,662** | |
| Standardised (including other assets and central counterparties) | **5,674** | Higher volumes of other assets, partly offset by FX movements |
| Total (excluding securitisation and equity exposures) | **66,336** | |

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

| | 30 June 2020 | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Off Balance Sheet | | | | | |
| Portfolio Type | On Balance Sheet $M | Non-market related $M | Market related $M | Total $M | Average exposure for June 2020 half [1] $M | Change in exposure for June 2020 half [2] $M | % |
| **Subject to AIRB approach** | | | | | | | |
| Corporate | 66,476 | 45,826 | 10,665 | 122,967 | 122,262 | 1,410 | 1.2 |
| SME corporate | 42,556 | 8,556 | 744 | 51,856 | 51,840 | 32 | 0.1 |
| SME retail | 7,477 | 4,108 | – | 11,585 | 11,096 | 978 | 9.2 |
| SME retail secured by residential mortgage | 4,035 | 1,502 | – | 5,537 | 5,571 | (67) | (1.2) |
| Sovereign | 104,584 | 1,119 | 2,421 | 108,124 | 99,416 | 17,416 | 19.2 |
| Bank | 16,119 | 404 | 7,651 | 24,174 | 25,491 | (2,635) | (9.8) |
| Residential mortgage | 526,642 | 72,871 | – | 599,513 | 595,266 | 8,495 | 1.4 |
| Qualifying revolving retail | 8,192 | 17,117 | – | 25,309 | 25,994 | (1,370) | (5.1) |
| Other retail | 6,716 | 3,139 | – | 9,855 | 10,269 | (827) | (7.7) |
| **Total AIRB approach** | 782,797 | 154,642 | 21,481 | 958,920 | 947,205 | 23,432 | 2.5 |
| **Specialised lending** | 55,065 | 8,902 | 2,466 | 66,433 | 65,332 | 2,203 | 3.4 |
| **Subject to standardised approach** | | | | | | | |
| Corporate | 794 | 139 | 24 | 957 | 1,133 | (352) | (26.9) |
| SME corporate | 555 | 175 | 11 | 741 | 749 | (15) | (2.0) |
| SME retail | 2,018 | 878 | 24 | 2,920 | 3,751 | (1,662) | (36.3) |
| Sovereign | 564 | 1 | – | 565 | 520 | 90 | 18.9 |
| Bank | 324 | – | – | 324 | 322 | 5 | 1.6 |
| Residential mortgage | 13,433 | 1,669 | – | 15,102 | 14,759 | 686 | 4.8 |
| Other retail | 1,095 | 25 | – | 1,120 | 1,172 | (104) | (8.5) |
| Other assets | 17,799 | – | – | 17,799 | 17,239 | 1,121 | 6.7 |
| Central counterparties | – | – | 10,483 | 10,483 | 9,749 | 1,469 | 16.3 |
| **Total standardised approach** | 36,582 | 2,887 | 10,542 | 50,011 | 49,394 | 1,238 | 2.5 |
| **Total credit exposures** [3] | 874,444 | 166,431 | 34,489 | 1,075,364 | 1,061,931 | 26,873 | 2.6 |

1 The simple average of balances as at 30 June 2020 and 31 December 2019.
2 The difference between exposures as at 30 June 2020 and 31 December 2019.
3 Total credit risk exposures (calculated as EAD) do not include equities or securitisation exposures.

# Credit Risk (continued)

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

| | 31 December 2019 | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Off Balance Sheet | | | | | |
| | On Balance Sheet | Non-market related | Market related | Total | Average exposure for December 2019 half [1] | Change in exposure for December 2019 half [2] | |
| **Portfolio Type** | $M | $M | $M | $M | $M | $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.

# Credit Risk (continued)

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

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

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

| Portfolio Type | As at 30 Jun 20 $M | Half year average [1] $M |
|---|---|---|
| Corporate | 123,924 | 123,395 |
| SME corporate | 52,597 | 52,589 |
| SME retail | 14,505 | 14,847 |
| SME retail secured by residential mortgage | 5,537 | 5,571 |
| Sovereign | 108,689 | 99,936 |
| Bank | 24,498 | 25,813 |
| Residential mortgage | 614,615 | 610,025 |
| Qualifying revolving retail | 25,309 | 25,994 |
| Other retail | 10,975 | 11,441 |
| Specialised lending | 66,433 | 65,332 |
| Other assets | 17,799 | 17,239 |
| Central counterparties | 10,483 | 9,749 |
| **Total credit exposures** [2] | 1,075,364 | 1,061,931 |

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

| Portfolio Type | As at 31 Dec 19 $M | Half year average [1] $M |
|---|---|---|
| Corporate | 122,866 | 121,651 |
| SME corporate | 52,580 | 52,735 |
| SME retail | 15,189 | 15,367 |
| SME retail secured by residential mortgage | 5,604 | 5,666 |
| Sovereign | 91,183 | 90,791 |
| 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 | 62,747 |
| Other assets | 16,678 | 15,606 |
| Central counterparties | 9,014 | 8,502 |
| **Total credit exposures** [2] | 1,048,491 | 1,041,845 |

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

# Credit Risk (continued)

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

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

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

| | 30 June 2020 [1] | | | |
|---|---|---|---|---|
| **Portfolio Type** | **Australia $M** | **New Zealand $M** | **Other $M** | **Total $M** |
| Corporate | 77,090 | 11,963 | 34,871 | 123,924 |
| SME corporate | 37,109 | 14,812 | 676 | 52,597 |
| SME retail [2] | 18,022 | 1,859 | 161 | 20,042 |
| Sovereign | 64,862 | 7,240 | 36,587 | 108,689 |
| Bank | 10,928 | 1,399 | 12,171 | 24,498 |
| Residential mortgage | 548,608 | 64,615 | 1,392 | 614,615 |
| Qualifying revolving retail | 25,307 | – | 2 | 25,309 |
| Other retail | 7,050 | 3,538 | 387 | 10,975 |
| Specialised lending | 53,884 | 8,511 | 4,038 | 66,433 |
| Other assets | 15,907 | 887 | 1,005 | 17,799 |
| Central counterparties | 371 | – | 10,112 | 10,483 |
| **Total credit exposures** [3] | 859,138 | 114,824 | 101,402 | 1,075,364 |

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.

| | 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 |

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 2020

| Portfolio Type | Industry Sector | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Residential mortgage $M | Other personal $M | Asset finance $M | Sovereign $M | Bank $M | Other finance $M | Agriculture $M | Mining $M |
| Corporate | – | – | 3,753 | – | – | 24,063 | 3,333 | 6,113 |
| SME corporate | – | – | 3,397 | – | – | 1,912 | 18,045 | 174 |
| SME retail [1] | – | – | 2,915 | – | – | 344 | 1,622 | 67 |
| Sovereign | – | – | – | 140,067 | – | – | – | – |
| Bank | – | – | – | – | 25,382 | – | – | – |
| Residential mortgage | 638,581 | – | – | – | – | – | – | – |
| Qualifying revolving retail | – | 24,626 | – | – | – | – | – | – |
| Other retail | – | 10,406 | 282 | – | – | – | – | – |
| Specialised lending | – | – | 28 | – | – | 275 | – | 1,115 |
| Other assets | – | 2,156 | – | – | – | – | – | – |
| Central counterparties | – | – | – | – | 1,154 | 9,487 | – | – |
| **Total credit exposures** [2] | 638,581 | 37,188 | 10,375 | 140,067 | 26,536 | 36,081 | 23,000 | 7,469 |

| Portfolio Type | Industry Sector (continued) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Manufacturing $M | Energy $M | Construction $M | Retail/ wholesale trade $M | Transport and storage $M | Property [3] $M | Other $M | Total $M |
| Corporate | 10,205 | 6,911 | 2,915 | 10,291 | 16,875 | 11,796 | 28,632 | **124,887** |
| SME corporate | 2,959 | 72 | 2,763 | 7,880 | 1,603 | 147 | 16,212 | **55,164** |
| SME retail [1] | 794 | 18 | 1,606 | 2,408 | 445 | 1,770 | 7,570 | **19,559** |
| Sovereign | – | – | – | – | – | – | – | **140,067** |
| Bank | – | – | – | – | – | – | – | **25,382** |
| Residential mortgage | – | – | – | – | – | – | – | **638,581** |
| Qualifying revolving retail | – | – | – | – | – | – | – | **24,626** |
| Other retail | – | – | – | – | – | – | – | **10,688** |
| Specialised lending | 53 | 2,378 | – | 275 | 1,766 | 61,343 | 1,464 | **68,697** |
| Other assets | – | – | – | – | – | – | 21,252 | **23,408** |
| Central counterparties | – | – | – | – | – | – | – | **10,641** |
| **Total credit exposures** [2] | 14,011 | 9,379 | 7,284 | 20,854 | 20,689 | 75,056 | 75,130 | **1,141,700** |

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 2020 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 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 | – | – | 3,623 | – | – | 25,135 | 2,986 | 7,926 |
| SME corporate | – | – | 3,228 | – | – | 1,976 | 17,339 | 159 |
| SME retail [1] | – | – | 3,293 | – | – | 351 | 1,667 | 69 |
| Sovereign | – | – | – | 108,689 | – | – | – | – |
| Bank | – | – | – | – | 24,498 | – | – | – |
| Residential mortgage | 614,615 | – | – | – | – | – | – | – |
| Qualifying revolving retail | – | 25,309 | – | – | – | – | – | – |
| Other retail | – | 10,631 | 344 | – | – | – | – | – |
| Specialised lending | – | – | 22 | – | – | – | – | 1,464 |
| Other assets | – | 2,150 | – | – | – | – | – | – |
| Central counterparties | – | – | – | – | 884 | 9,599 | – | – |
| **Total credit exposures [2]** | 614,615 | 38,090 | 10,510 | 108,689 | 25,382 | 37,061 | 21,992 | 9,618 |

| | Industry Sector (continued) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Portfolio Type | Manufacturing $M | Energy $M | Construction $M | Retail/ wholesale trade $M | Transport and storage $M | Property [3] $M | Other $M | Total $M |
| Corporate | 9,909 | 6,353 | 3,319 | 9,508 | 16,875 | 12,010 | 26,280 | 123,924 |
| SME corporate | 2,906 | 93 | 2,672 | 7,230 | 1,480 | 157 | 15,357 | 52,597 |
| SME retail [1] | 836 | 18 | 1,588 | 2,376 | 457 | 1,832 | 7,555 | 20,042 |
| Sovereign | – | – | – | – | – | – | – | 108,689 |
| Bank | – | – | – | – | – | – | – | 24,498 |
| Residential mortgage | – | – | – | – | – | – | – | 614,615 |
| Qualifying revolving retail | – | – | – | – | – | – | – | 25,309 |
| Other retail | – | – | – | – | – | – | – | 10,975 |
| Specialised lending | 62 | 2,297 | – | 218 | 3,186 | 57,443 | 1,741 | 66,433 |
| Other assets | – | – | – | – | – | – | 15,649 | 17,799 |
| Central counterparties | – | – | – | – | – | – | – | 10,483 |
| **Total credit exposures [2]** | 13,713 | 8,761 | 7,579 | 19,332 | 21,998 | 71,442 | 66,582 | 1,075,364 |

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 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 (continued) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **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 REITs and excludes Business Services.

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

| | 31 December 2020 | | | | |
|---|---|---|---|---|---|
| Portfolio Type | ≤ 12mths $M | 1 ≤ 5yrs $M | > 5 years $M | No specified maturity $M | Total $M |
| Corporate | 45,912 | 71,929 | 7,046 | – | **124,887** |
| SME corporate | 20,605 | 31,171 | 3,388 | – | **55,164** |
| SME retail [1] | 6,991 | 7,829 | 4,739 | – | **19,559** |
| Sovereign | 57,635 | 39,780 | 42,652 | – | **140,067** |
| Bank | 10,868 | 14,169 | 345 | – | **25,382** |
| Residential mortgage | 23,496 | 85,323 | 496,818 | 32,944 | **638,581** |
| Qualifying revolving retail | – | – | – | 24,626 | **24,626** |
| Other retail | 271 | 4,568 | 1,851 | 3,998 | **10,688** |
| Specialised lending | 21,884 | 41,799 | 5,014 | – | **68,697** |
| Other assets | 12,591 | 187 | 273 | 10,357 | **23,408** |
| Central counterparties | 5,055 | 4,146 | 1,440 | – | **10,641** |
| **Total credit exposures** [2] | 205,308 | 300,901 | 563,566 | 71,925 | **1,141,700** |

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

| | 30 June 2020 | | | | |
|---|---|---|---|---|---|
| Portfolio Type | ≤ 12mths $M | 1 ≤ 5yrs $M | > 5 years $M | No specified maturity $M | Total $M |
| Corporate | 41,685 | 72,492 | 9,747 | – | 123,924 |
| SME corporate | 20,217 | 28,909 | 3,471 | – | 52,597 |
| SME retail [1] | 7,228 | 8,009 | 4,805 | – | 20,042 |
| Sovereign | 39,371 | 34,964 | 34,354 | – | 108,689 |
| Bank | 8,839 | 13,822 | 1,837 | – | 24,498 |
| Residential mortgage | 22,436 | 81,781 | 476,327 | 34,071 | 614,615 |
| Qualifying revolving retail | – | – | – | 25,309 | 25,309 |
| Other retail | 185 | 4,577 | 2,174 | 4,039 | 10,975 |
| Specialised lending | 19,948 | 40,390 | 6,095 | – | 66,433 |
| Other assets | 5,643 | 325 | 470 | 11,361 | 17,799 |
| Central counterparties | 4,231 | 3,479 | 2,773 | – | 10,483 |
| **Total credit exposures** [2] | 169,783 | 288,748 | 542,053 | 74,780 | 1,075,364 |

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

| | 31 December 2019 | | | | |
|---|---|---|---|---|---|
| Portfolio Type | ≤ 12mths $M | 1 ≤ 5yrs $M | > 5 years $M | No specified maturity $M | Total $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 | 17,966 | 63,184 | 487,644 | 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] | 153,231 | 263,897 | 552,929 | 78,434 | 1,048,491 |

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

## 6.3 Past Due and Impaired Exposures, Provisions and Reserves

All provisions recognised in accordance with accounting standards that have been assessed on an individual basis are classified as specific provisions in accordance with APS 220 "Credit Quality" (APS 220). Most of the collective provisions raised under accounting standards are included in the General Reserve for Credit Losses (GRCL); however, certain collective provisions not eligible for inclusion in the GRCL, are classified as specific provisions. This includes, for example, collective provisions on retail products that are in default. 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.

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

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

1 Provisions classified according to APS 220.
2 Provisions according to Australian Accounting Standards.

| | 30 June 2020 | | |
|---|---|---|---|
| | General reserve for credit losses [1] $M | Specific provision [1] $M | Total provisions $M |
| Collective provision [2] | 4,902 | 494 | 5,396 |
| Individual provisions [2] | – | 967 | 967 |
| **Total regulatory provisions** | 4,902 | 1,461 | 6,363 |

1 Provisions classified according to APS 220.
2 Provisions according to Australian Accounting Standards.

| | 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 regulatory provisions** | 3,663 | 1,363 | 5,026 |

1 Provisions classified according to APS 220.
2 Provisions according to the Australian Accounting Standards.

# Credit Risk (continued)

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 2020 | | | | |
|---|---|---|---|---|---|
| **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 | 1,451 | 2,504 | 581 | 9 | 36 |
| Other personal | 212 | 18 | 263 | (1) | 225 |
| Asset finance | 141 | 3 | 39 | 2 | 8 |
| Sovereign | – | – | – | – | – |
| Bank | – | – | – | – | – |
| Other finance | 4 | 6 | 5 | – | 3 |
| Agriculture | 235 | 76 | 63 | (5) | 7 |
| Mining | 121 | 2 | 35 | (5) | – |
| Manufacturing | 253 | 36 | 147 | 52 | 70 |
| Energy | – | – | – | – | – |
| Construction | 61 | 30 | 31 | (9) | 5 |
| Wholesale/retail trade | 141 | 82 | 88 | 48 | 21 |
| Transport and storage | 90 | 24 | 70 | 18 | 12 |
| Property | 74 | 120 | 64 | 3 | 4 |
| Other | 317 | 221 | 155 | 2 | 42 |
| **Total** | 3,100 | 3,122 | 1,541 | 114 | 433 |

1 Represents loans ≥ 90 days past due but not impaired.
2 Specific provision balance includes certain Australian Accounting Standards collective provisions on some defaulted loans.
3 Actual losses equal write-offs from individual provisions and write-offs direct from collective provisions less recoveries of amounts previously written off, for the half year ended 31 December 2020.

# Credit Risk (continued)

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

| | 30 June 2020 | | | | |
|---|---|---|---|---|---|
| **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 | 1,673 | 2,710 | 424 | 27 | 61 |
| Other personal | 279 | 45 | 278 | 5 | 270 |
| Asset finance | 121 | 4 | 45 | 2 | 6 |
| Sovereign | – | – | – | – | – |
| Bank | – | – | – | 2 | – |
| Other finance | 6 | 8 | 5 | 1 | 2 |
| Agriculture | 249 | 85 | 73 | 4 | 5 |
| Mining | 164 | 4 | 38 | 7 | 1 |
| Manufacturing | 261 | 48 | 183 | 58 | 10 |
| Energy | – | – | – | – | – |
| Construction | 63 | 39 | 41 | (8) | 33 |
| Wholesale/retail trade | 143 | 86 | 69 | 38 | 59 |
| Transport and storage | 184 | 17 | 63 | 49 | 21 |
| Property | 78 | 128 | 63 | 5 | 4 |
| Other | 327 | 187 | 179 | 82 | 82 |
| **Total** | 3,548 | 3,361 | 1,461 | 272 | 554 |

1 Represents loans ≥ 90 days past due but not impaired.
2 Specific provision balance includes certain Australian Accounting Standards collective provisions on some defaulted loans.
3 Actual losses equal write-offs from individual provisions and write-offs direct from collective provisions less recoveries of amounts previously written off, for the half year ended 30 June 2020.

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

| | 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 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 and write-offs direct from collective provisions less recoveries of amounts previously written off, for the half year ended 31 December 2019.

### Factors impacting the loss experience

The overall quality of the portfolio was relatively stable during the half year ended 31 December 2020. Gross impaired assets as a proportion of gross loans and advances (GLAAs) decreased by 7 basis points during the financial half year ended 31 December 2020. Total provisions as a proportion of GLAAs increased by 4 basis points to 0.86%, mainly driven by increases in forward looking adjustments predominantly due to COVID-19. Group actual losses decreased by $121 million on the prior half led by a reduction in losses for the retail portfolios.

# Credit Risk (continued)

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

| | 31 December 2020 | | | | |
|---|---|---|---|---|---|
| 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 | 1,437 | 600 | 697 | 106 | 172 |
| Sovereign | – | – | – | – | – |
| Bank | – | – | – | – | – |
| Residential mortgage | 1,451 | 2,504 | 581 | 9 | 36 |
| Qualifying revolving retail | 87 | – | 86 | (3) | 111 |
| Other retail | 125 | 18 | 177 | 2 | 114 |
| **Total** | 3,100 | 3,122 | 1,541 | 114 | 433 |

1 Represents loans ≥ 90 days past due but not impaired.
2 Specific provision balance includes certain accounting collective provisions on some defaulted loans.
3 Actual losses equal write-offs from individual provisions and write-offs direct from collective provisions less recoveries of amounts previously written off for the half year ended 31 December 2020.

| | 30 June 2020 | | | | |
|---|---|---|---|---|---|
| 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 | 1,596 | 606 | 759 | 238 | 223 |
| Sovereign | – | – | – | – | – |
| Bank | – | – | – | 2 | – |
| Residential mortgage | 1,673 | 2,710 | 424 | 27 | 61 |
| Qualifying revolving retail | 143 | – | 114 | 1 | 107 |
| Other retail | 136 | 45 | 164 | 4 | 163 |
| **Total** | 3,548 | 3,361 | 1,461 | 272 | 554 |

1 Represents loans ≥ 90 days past due but not impaired.
2 Specific provision balance includes certain accounting collective provisions on some defaulted loans.
3 Actual losses equal write-offs from individual provisions and write-offs direct from collective provisions less recoveries of amounts previously written off for the half year ended 30 June 2020.

| | 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 not impaired.
2 Specific provision balance includes certain accounting collective provisions on some defaulted loans.
3 Actual losses equal write-offs from individual provisions and write-offs direct from collective provisions less recoveries of amounts previously written off for the half year ended 31 December 2019.

# Credit Risk (continued)

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

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

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

| | 30 June 2020 | | |
|---|---|---|---|
| **Geographic Region** [1] | **Impaired assets $M** | **Past due loans ≥ 90 days [2] $M** | **Specific provision balance $M** |
| Australia | 2,416 | 3,061 | 1,078 |
| New Zealand | 681 | 223 | 196 |
| Other | 451 | 77 | 187 |
| **Total** | 3,548 | 3,361 | 1,461 |

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

| | 31 December 2019 | | |
|---|---|---|---|
| **Geographic Region** [1] | **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 |

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

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

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

| **Geographic Region** | **31 Dec 20 $M** | **30 Jun 20 $M** | **31 Dec 19 $M** |
|---|---|---|---|
| Australia | **4,524** | 4,160 | 3,164 |
| New Zealand | **464** | 417 | 294 |
| Other | **286** | 325 | 205 |
| **Total GRCL** | **5,274** | 4,902 | 3,663 |

# Credit Risk (continued)

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

| | Half Year Ended | | |
|---|---|---|---|
| | 31 Dec 20 | 30 Jun 20 | 31 Dec 19 |
| **Movement in Collective Provisions** | $M | $M | $M |
| Opening balance | **5,396** | 4,067 | 3,904 |
| Net charge against profit and loss | **768** | 1,598 | 446 |
| Recoveries | **69** | 84 | 101 |
| Other | **10** | 4 | 22 |
| Write-offs | **(300)** | (357) | (406) |
| **Total collective provisions** | **5,943** | 5,396 | 4,067 |
| Less collective provisions transferred to specific provisions | **(669)** | (494) | (404) |
| **General reserve for credit losses** | **5,274** | 4,902 | 3,663 |

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

| | Half Year Ended | | |
|---|---|---|---|
| | 31 Dec 20 | 30 Jun 20 | 31 Dec 19 |
| **Movement in Individual Provisions** | $M | $M | $M |
| Opening balance for the period | **967** | 959 | 895 |
| Net new and increased provisioning | **236** | 371 | 287 |
| Net write back of provisions no longer required | **(122)** | (99) | (84) |
| Discount unwind to interest income | **(7)** | (5) | (11) |
| Other | **–** | 22 | 35 |
| Write-offs | **(202)** | (281) | (163) |
| **Total individual provisions** | **872** | 967 | 959 |
| Add collective provisions transferred to specific provisions | **669** | 494 | 404 |
| **Specific provisions** | **1,541** | 1,461 | 1,363 |

## 6.4 Portfolios Subject to Standardised and Supervisory Risk Weights

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

Portfolios that use the standardised approach include:

CBA:

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

Bankwest:

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

ASB:

- Personal loans and Retail SME.

All exposures in the following entities:

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

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

| | Exposure after credit risk mitigation [1] | | |
|---|---|---|---|
| | 31 Dec 20 | 30 Jun 20 | 31 Dec 19 |
| **Standardised Approach Exposures** | $M | $M | $M |
| **Risk Weight** | | | |
| 0% | **12,544** | 5,115 | 4,400 |
| 20% | **3,610** | 3,385 | 3,537 |
| 35% | **9,887** | 10,156 | 9,249 |
| 50% | **3,971** | 3,808 | 3,833 |
| 75% | **790** | 846 | 864 |
| 100% | **14,202** | 16,176 | 17,866 |
| 150% | **39** | 42 | 10 |
| > 150% | **1** | – | – |
| Capital deductions | **–** | – | – |
| **Total** | **45,044** | 39,528 | 39,759 |

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

# Credit Risk (continued)

### Other Assets risk weights

| Other Assets [1] | 31 December 2020 Exposure $M | Risk weight % | RWA $M |
|---|---|---|---|
| Cash [2] | 12,544 | – | – |
| Cash items in course of collection | 945 | 20 | 189 |
| Margin lending [3] | 2,263 | 29 | 653 |
| Fixed and forward purchase assets | 4,477 | 100 | 4,477 |
| Other | 3,179 | ≥100 | 3,185 |
| **Total** | 23,408 | 36 | 8,504 |

1 Other Assets are included in the Standardised Approach Exposures table above.
2 Includes cash and allocated gold bullion.
3 Margin lending against listed instruments is risk weighted at 20%, and against other unlisted instruments is risk weighted at 100%.

| Other Assets [1] | 30 June 2020 Exposure $M | Risk weight % | RWA $M |
|---|---|---|---|
| Cash [2] | 5,109 | – | – |
| Cash items in course of collection | 976 | 20 | 195 |
| Margin lending [3] | 2,309 | 29 | 681 |
| Fixed and forward purchase assets | 4,429 | 100 | 4,429 |
| Other | 4,976 | ≥100 | 4,976 |
| **Total** | 17,799 | 58 | 10,281 |

1 Other Assets are included in the Standardised Approach Exposures table above.
2 Includes cash and allocated gold bullion.
3 Margin lending against listed instruments is risk weighted at 20%, and against other unlisted instruments is risk weighted at 100%.

| Other Assets [1] | 31 December 2019 Exposure $M | Risk weight % | RWA $M |
|---|---|---|---|
| Cash [2] | 4,394 | – | – |
| Cash items in course of collection | 897 | 20 | 179 |
| Margin lending [3] | 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 |

1 Other Assets are included in the Standardised Approach Exposures table above.
2 Includes cash and allocated gold bullion.
3 Margin lending against listed instruments is risk weighted at 20%, and against other unlisted instruments is risk weighted at 100%.

| Specialised Lending Exposures Subject to Supervisory Slotting [1] | 31 Dec 20 $M | 30 Jun 20 $M | 31 Dec 19 $M |
|---|---|---|---|
| **Risk Weight** | | | |
| 0% | **473** | 313 | 367 |
| 70% | **20,266** | 18,873 | 18,942 |
| 90% | **41,293** | 39,804 | 39,391 |
| 115% | **5,835** | 6,690 | 4,824 |
| 250% | **830** | 753 | 706 |
| **Total exposures** | **68,697** | 66,433 | 64,230 |

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

## 6.5 Portfolios Subject to Internal Ratings-based Approaches

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

**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% - 0.035% | AAA to AA- | Aaa to Aa3 |
| Strong | B1 to C3 | >0.035% - 0.446% | A+ to BBB- | A1 to Baa3 |
| Pass | D1 to E3 | >0.446% - 6.656% | BB+ to B- | Ba1 to 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 Tool 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 thereof. |

## Credit Risk Exposure Subject to the AIRB Approach

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

| | 31 December 2020 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 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 | $M |
| **Total credit risk exposures** | | | | | | | | |
| Corporate | – | 40,615 | 43,430 | 36,754 | 809 | 1,211 | 874 | **123,693** |
| SME corporate | – | 762 | 3,994 | 43,963 | 2,668 | 1,965 | 1,060 | **54,412** |
| SME retail [2] | – | – | 1,576 | 11,089 | 3,436 | 518 | 286 | **16,905** |
| Sovereign | 111,366 | 27,562 | 543 | 1 | – | – | – | **139,472** |
| Bank | – | 23,449 | 1,233 | 34 | – | – | – | **24,716** |
| **Total** | 111,366 | 92,388 | 50,776 | 91,841 | 6,913 | 3,694 | 2,220 | **359,198** |
| **Undrawn commitments** [3] | | | | | | | | |
| Corporate | – | 17,075 | 18,156 | 12,576 | 329 | 213 | 169 | **48,518** |
| SME corporate | – | 207 | 1,057 | 8,656 | 413 | 172 | 61 | **10,566** |
| SME retail [2] | – | – | 1,420 | 3,850 | 787 | 85 | 21 | **6,163** |
| Sovereign | 893 | 214 | 43 | 1 | – | – | – | **1,151** |
| Bank | – | 307 | 96 | 1 | – | – | – | **404** |
| **Total** | 893 | 17,803 | 20,772 | 25,084 | 1,529 | 470 | 251 | **66,802** |
| **Exposure - weighted average EAD ($M)** | | | | | | | | |
| Corporate | – | 2. 905 | 1. 795 | 0. 944 | 0. 506 | 1. 025 | 1. 608 | **1. 538** |
| SME corporate | – | 0. 471 | 0. 492 | 0. 497 | 0. 448 | 0. 438 | 0. 491 | **0. 491** |
| SME retail [2] | – | – | 0. 100 | 0. 065 | 0. 053 | 0. 099 | 0. 128 | **0. 066** |
| Sovereign | 7. 941 | 36. 750 | 1. 394 | 0. 043 | – | – | – | **9. 172** |
| Bank | – | 1. 985 | 0. 588 | 0. 178 | – | – | – | **1. 750** |
| **Exposure - weighted average LGD (%)** | | | | | | | | |
| Corporate | – | 55. 4 | 45. 7 | 41. 1 | 43. 7 | 43. 1 | 53. 4 | **47.5** |
| SME corporate | – | 52. 9 | 30. 8 | 28. 0 | 30. 3 | 31. 8 | 33. 8 | **28. 9** |
| SME retail [2] | – | – | 41. 3 | 32. 5 | 42. 1 | 32. 8 | 32. 7 | **35. 3** |
| Sovereign | 5. 6 | 9. 9 | 42. 8 | 25. 4 | – | – | – | **6. 6** |
| Bank | – | 59. 2 | 60. 0 | 60. 0 | – | – | – | **59. 3** |
| **Exposure - weighted average risk weight (%)** [4] | | | | | | | | |
| Corporate | – | 27. 2 | 52. 1 | 82. 3 | 161. 7 | 223. 0 | 141. 3 | **55. 9** |
| SME corporate | – | 20. 4 | 30. 3 | 50. 8 | 84. 3 | 147. 0 | 173. 1 | **56. 4** |
| SME retail [2] | – | – | 28. 1 | 44. 7 | 88. 2 | 113. 1 | 227. 3 | **57. 2** |
| Sovereign | 1. 6 | 2. 7 | 34. 7 | 46. 2 | – | – | – | **1. 9** |
| Bank | – | 24. 2 | 58. 4 | 114. 8 | – | – | – | **26. 0** |

1 Total credit risk exposures do not include specialised lending, equity or securitisation exposures.
2 Including SME retail secured by residential property.
3 The credit exposure value of undrawn commitments included in total credit risk exposures above.
4 Includes 1.06 scaling factor.

# Credit Risk (continued)

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

| | 30 June 2020 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | PD Band | | | | | | | |
| | 0 < 0.03% | 0.03% < 0.15% | 0.15% < 0.5% | 0.5% < 3% | 3% < 10% | 10% < 100% | Default | Total |
| **Non-retail [1]** | $M | $M | $M | $M | $M | $M | $M | $M |
| **Total credit risk exposures** | | | | | | | | |
| Corporate | – | 42,063 | 45,158 | 32,828 | 671 | 1,297 | 950 | 122,967 |
| SME corporate | – | 753 | 4,078 | 41,581 | 2,234 | 1,996 | 1,214 | 51,856 |
| SME retail [2] | – | – | 1,205 | 11,846 | 3,187 | 569 | 315 | 17,122 |
| Sovereign | 95,304 | 12,597 | 218 | 5 | – | – | – | 108,124 |
| Bank | – | 22,506 | 1,648 | 20 | – | – | – | 24,174 |
| **Total** | 95,304 | 77,919 | 52,307 | 86,280 | 6,092 | 3,862 | 2,479 | 324,243 |
| **Undrawn commitments [3]** | | | | | | | | |
| Corporate | – | 18,558 | 16,964 | 9,664 | 244 | 261 | 135 | 45,826 |
| SME corporate | – | 135 | 937 | 6,995 | 264 | 157 | 68 | 8,556 |
| SME retail [2] | – | – | 1,038 | 3,805 | 677 | 73 | 17 | 5,610 |
| Sovereign | 856 | 225 | 36 | 2 | – | – | – | 1,119 |
| Bank | – | 308 | 95 | 1 | – | – | – | 404 |
| **Total** | 856 | 19,226 | 19,070 | 20,467 | 1,185 | 491 | 220 | 61,515 |
| **Exposure - weighted average EAD ($M)** | | | | | | | | |
| Corporate | – | 3. 038 | 1. 936 | 0. 866 | 0. 425 | 0. 887 | 1. 923 | 1. 564 |
| SME corporate | – | 0. 563 | 0. 498 | 0. 480 | 0. 395 | 0. 413 | 0. 490 | 0. 475 |
| SME retail [2] | – | – | 0. 077 | 0. 056 | 0. 067 | 0. 079 | 0. 088 | 0. 060 |
| Sovereign | 7. 108 | 18. 283 | 0. 697 | 0. 123 | – | – | – | 7. 475 |
| Bank | – | 1. 909 | 0. 724 | 0. 077 | – | – | – | 1. 687 |
| **Exposure - weighted average LGD (%)** | | | | | | | | |
| Corporate | – | 55. 5 | 47. 2 | 42. 1 | 40. 9 | 48. 8 | 51. 2 | 48. 7 |
| SME corporate | – | 56. 9 | 31. 3 | 28. 7 | 30. 4 | 31. 3 | 32. 9 | 29. 6 |
| SME retail [2] | – | – | 40. 5 | 32. 7 | 40. 0 | 29. 5 | 33. 3 | 34. 5 |
| Sovereign | 5. 7 | 12. 6 | 44. 4 | 48. 4 | – | – | – | 6. 6 |
| Bank | – | 59. 5 | 60. 0 | 60. 0 | – | – | – | 59. 5 |
| **Exposure - weighted average risk weight (%) [4,5]** | | | | | | | | |
| Corporate | – | 27. 6 | 53. 3 | 86. 8 | 152. 7 | 263. 0 | 103. 2 | 56. 6 |
| SME corporate | – | 24. 5 | 31. 1 | 53. 3 | 88. 4 | 146. 2 | 197. 5 | 59. 6 |
| SME retail [2] | – | – | 27. 8 | 45. 8 | 87. 1 | 110. 7 | 272. 9 | 58. 6 |
| Sovereign | 1. 5 | 2. 5 | 33. 3 | 131. 2 | – | – | – | 1. 7 |
| Bank | – | 25. 2 | 58. 5 | 125. 6 | – | – | – | 27. 6 |

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.
5 In June 2020, AASB 9 collective provisions were included in the calculation of credit RWA for defaulted non-retail exposures. This change in methodology was approved by APRA.

# Credit Risk (continued)

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

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

| | 31 December 2020 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 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 | $M |
| **Total credit risk exposures** | | | | | | | | |
| Residential mortgage | 198,208 | 122,221 | 71,882 | 208,809 | 11,290 | 6,924 | 4,476 | **623,810** |
| Qualifying revolving retail | – | 15,132 | 3,436 | 4,218 | 1,558 | 222 | 60 | **24,626** |
| Other retail | 50 | 56 | 48 | 5,773 | 3,111 | 522 | 124 | **9,684** |
| **Total** | 198,258 | 137,409 | 75,366 | 218,800 | 15,959 | 7,668 | 4,660 | **658,120** |
| **Undrawn commitments** [1] | | | | | | | | |
| Residential mortgage | 44,717 | 14,620 | 8,504 | 11,977 | 176 | 60 | 15 | **80,069** |
| Qualifying revolving retail | – | 11,905 | 2,567 | 1,755 | 242 | 32 | 1 | **16,502** |
| Other retail | 45 | 10 | 34 | 2,580 | 260 | 89 | 4 | **3,022** |
| **Total** | 44,762 | 26,535 | 11,105 | 16,312 | 678 | 181 | 20 | **99,593** |
| **Exposure - weighted average EAD ($M)** | | | | | | | | |
| Residential mortgage | 0. 278 | 0. 295 | 0. 273 | 0. 279 | 0. 274 | 0. 228 | 0. 278 | **0. 280** |
| Qualifying revolving retail | – | 0. 009 | 0. 007 | 0. 008 | 0. 008 | 0. 007 | 0. 007 | **0. 008** |
| Other retail | 0. 004 | 0. 373 | 0. 005 | 0. 007 | 0. 010 | 0. 002 | 0. 005 | **0. 006** |
| **Exposure - weighted average LGD (%)** | | | | | | | | |
| Residential mortgage | 20. 0 | 19. 7 | 19. 4 | 20. 4 | 21. 2 | 19. 8 | 20. 3 | **20. 0** |
| Qualifying revolving retail | – | 84. 8 | 84. 2 | 84. 5 | 84. 2 | 83. 9 | 84. 6 | **84. 6** |
| Other retail | 107. 8 | 99. 6 | 106. 2 | 88. 3 | 83. 3 | 90. 5 | 86. 6 | **87. 0** |
| **Exposure - weighted average risk weight (%)** [2] | | | | | | | | |
| Residential mortgage | 4. 4 | 12. 8 | 20. 6 | 41. 2 | 101. 7 | 134. 6 | 135. 2 | **24. 4** |
| Qualifying revolving retail | – | 5. 6 | 13. 9 | 44. 2 | 128. 5 | 211. 6 | 267. 9 | **23. 6** |
| Other retail | 26. 7 | 43. 3 | 70. 5 | 105. 9 | 129. 3 | 194. 1 | 235. 5 | **118. 9** |

1 The credit exposure value of undrawn commitments included in total credit risk exposures above.
2 Includes 1.06 scaling factor.

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

| | 30 June 2020 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 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 | $M |
| **Total credit risk exposures** | | | | | | | | |
| Residential mortgage | 189,231 | 118,352 | 68,379 | 199,934 | 11,866 | 6,972 | 4,779 | 599,513 |
| Qualifying revolving retail | – | 14,548 | 3,652 | 4,758 | 1,904 | 335 | 112 | 25,309 |
| Other retail | 52 | 42 | 47 | 5,499 | 3,459 | 624 | 132 | 9,855 |
| **Total** | 189,283 | 132,942 | 72,078 | 210,191 | 17,229 | 7,931 | 5,023 | 634,677 |
| **Undrawn commitments** [1] | | | | | | | | |
| Residential mortgage | 41,773 | 13,894 | 6,864 | 10,102 | 162 | 59 | 17 | 72,871 |
| Qualifying revolving retail | – | 12,022 | 2,801 | 1,954 | 302 | 37 | 1 | 17,117 |
| Other retail | 47 | 3 | 35 | 2,692 | 273 | 85 | 4 | 3,139 |
| **Total** | 41,820 | 25,919 | 9,700 | 14,748 | 737 | 181 | 22 | 93,127 |
| **Exposure - weighted average EAD ($M)** | | | | | | | | |
| Residential mortgage | 0. 280 | 0. 293 | 0. 269 | 0. 271 | 0. 272 | 0. 226 | 0. 266 | 0. 277 |
| Qualifying revolving retail | – | 0. 009 | 0. 007 | 0. 008 | 0. 008 | 0. 008 | 0. 009 | 0. 008 |
| Other retail | 0. 004 | 0. 349 | 0. 005 | 0. 006 | 0. 010 | 0. 002 | 0. 004 | 0. 006 |
| **Exposure - weighted average LGD (%)** | | | | | | | | |
| Residential mortgage | 20. 0 | 19. 7 | 19. 4 | 20. 3 | 21. 1 | 19. 8 | 20. 3 | 20. 0 |
| Qualifying revolving retail | – | 84. 8 | 84. 3 | 84. 5 | 84. 2 | 84. 1 | 84. 5 | 84. 6 |
| Other retail | 107. 8 | 99. 5 | 106. 5 | 92. 0 | 85. 3 | 89. 3 | 88. 0 | 89. 6 |
| **Exposure - weighted average risk weight (%)** [2,3] | | | | | | | | |
| Residential mortgage | 4. 4 | 12. 6 | 20. 4 | 41. 4 | 101. 0 | 133. 9 | 149. 8 | 24. 7 |
| Qualifying revolving retail | – | 5. 5 | 13. 9 | 44. 9 | 128. 1 | 207. 6 | 102. 3 | 26. 6 |
| Other retail | 26. 6 | 45. 0 | 70. 4 | 110. 5 | 132. 8 | 192. 6 | 145. 1 | 123. 0 |

1 The credit exposure value of undrawn commitments included in total credit risk exposures above.
2 Includes 1.06 scaling factor.
3 In June 2020, all components of AASB 9 collective provisions were included in the calculation of credit RWA for defaulted retail exposures. This change in methodology was approved by APRA.

# Credit Risk (continued)

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

| | 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.

# Credit Risk (continued)

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

| | 30 June 2020 | | |
|---|---|---|---|
| | Full year losses in reporting period | | |
| **Portfolio Type** | **Gross write-offs $M** | **Recoveries $M** | **Actual losses $M** |
| Corporate | 134 | – | 134 |
| SME corporate | 121 | (9) | 112 |
| SME retail (including SME retail secured by residential mortgages) | 64 | (6) | 58 |
| Specialised lending | 9 | – | 9 |
| **Total corporate including SME and specialised lending** | 328 | (15) | 313 |
| Sovereign | – | – | – |
| Bank | – | – | – |
| Residential mortgage (excluding SME retail secured by residential mortgages) | 121 | (5) | 116 |
| Qualifying revolving retail | 305 | (80) | 225 |
| Other retail | 367 | (76) | 291 |
| **Total AIRB and specialised lending portfolios** | 1,121 | (176) | 945 |

| | 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 AIRB and specialised lending portfolios** | 532 | (96) | 436 |

# Credit Risk (continued)

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

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

| | 30 June 2020 | |
|---|---|---|
| **Portfolio Type** | **Full year actual loss $M** | **Regulatory one year expected loss estimate $M** |
| Corporate | 134 | 972 |
| SME corporate | 112 | 672 |
| SME retail (including SME retail secured by residential mortgages) | 58 | 208 |
| Specialised lending | 9 | 798 |
| **Total corporate including SME and specialised lending** | 313 | 2,650 |
| Sovereign | – | 2 |
| Bank | – | 7 |
| Residential mortgage (excluding SME retail secured by residential mortgages) | 116 | 1,395 |
| Qualifying revolving retail | 225 | 376 |
| Other retail | 291 | 480 |
| **Total AIRB and specialised lending portfolios** | 945 | 4,910 |

| | 31 December 2019 | |
|---|---|---|
| **Portfolio Type** | **Half year actual loss $M** | **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 AIRB and specialised lending portfolios** | 436 | 4,440 |

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.

# Credit Risk (continued)

## Accuracy of Risk Estimates

The following tables compare 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 12.5 financial years to 31 December 2020.

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

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

| | 31 December 2020 | |
|---|---|---|
| Portfolio Type | Average estimated PD % | Average actual PD % |
| Corporate | **1. 30** | **0. 89** |
| SME corporate | **2. 27** | **1. 99** |
| SME retail (including SME retail secured by residential mortgages) [1] | **1. 89** | **1. 61** |
| Specialised lending [2] | **n/a** | **1. 53** |
| Sovereign [3] | **0. 54** | **0. 02** |
| Bank [3] | **0. 27** | **0. 20** |
| Residential mortgage (excluding SME retail secured by residential mortgages) | **0. 86** | **0. 72** |
| Qualifying revolving retail | **1. 86** | **1. 91** |
| Other retail | **5. 09** | **4. 83** |

1 The average actual PD represents a 6.5 year observation period for part of the portfolio.
2 Average estimated PD not relevant for specialised lending under the Supervisory Slotting approach.
3 Actual PDs based on 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 2018 financial years. LGDs for retail portfolios are based on accounts that defaulted in 2009 to 2019 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

| | 31 December 2020 | | |
|---|---|---|---|
| Portfolio Type | Average estimated downturn LGD % | Average actual LGD % | Ratio of estimated EAD to actual EAD |
| Corporate | 54. 8 | 39. 7 | 1. 2 |
| SME corporate | 31. 7 | 21. 1 | 1. 1 |
| SME retail (including SME retail secured by residential mortgages) | 31. 9 | 21. 8 | 1. 1 |
| Specialised lending [1] | n/a | 29. 6 | 1. 2 |
| Sovereign [2] | 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. 5 | 1. 0 |
| Qualifying revolving retail | 87. 2 | 70. 1 | 1. 1 |
| Other retail | 97. 5 | 76. 7 | 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.

## 6.6 Credit Risk Mitigation

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

| | 31 December 2020 | | | | |
|---|---|---|---|---|---|
| | Total exposure [1] $M | Eligible financial collateral $M | Exposures covered by guarantees $M | Exposures covered by credit derivatives $M | Coverage % |
| **Advanced approach** [2] | | | | | |
| Corporate | **123,693** | – | 15 | – | **–** |
| SME corporate | **54,412** | – | – | – | **–** |
| SME retail [3] | **16,905** | – | – | – | **–** |
| Sovereign | **139,472** | – | – | – | **–** |
| Bank | **24,716** | – | 214 | 11 | **0. 9** |
| Residential mortgage | **623,810** | – | – | – | **–** |
| Qualifying revolving retail | **24,626** | – | – | – | **–** |
| Other retail | **9,684** | – | – | – | **–** |
| **Total advanced approach** | **1,017,318** | – | 229 | 11 | **–** |
| **Specialised lending** | **68,697** | – | – | – | **–** |
| **Standardised approach** | | | | | |
| Corporate | **1,194** | – | – | – | **–** |
| SME corporate | **752** | – | – | – | **–** |
| SME retail | **2,654** | – | – | – | **–** |
| Sovereign | **595** | – | – | – | **–** |
| Bank | **666** | – | – | – | **–** |
| Residential mortgage | **14,771** | – | – | – | **–** |
| Other retail | **1,004** | – | – | – | **–** |
| Other assets | **23,408** | – | – | – | **–** |
| Central clearing counterparties | **10,641** | – | – | 112 | **1. 1** |
| **Total standardised approach** | **55,685** | – | – | 112 | **0. 2** |
| **Total exposures** | **1,141,700** | – | 229 | 123 | **–** |

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)**

| | 30 June 2020 | | | | |
|---|---|---|---|---|---|
| | Total exposure [1] $M | Eligible financial collateral $M | Exposures covered by guarantees $M | Exposures covered by credit derivatives $M | Coverage % |
| **Advanced approach** [2] | | | | | |
| Corporate | 122,967 | – | 89 | – | 0. 1 |
| SME corporate | 51,856 | – | – | – | – |
| SME retail [3] | 17,122 | – | – | – | – |
| Sovereign | 108,124 | – | – | – | – |
| Bank | 24,174 | – | 281 | 33 | 1. 3 |
| Residential mortgage | 599,513 | – | – | – | – |
| Qualifying revolving retail | 25,309 | – | – | – | – |
| Other retail | 9,855 | – | – | – | – |
| **Total advanced approach** | 958,920 | – | 370 | 33 | – |
| **Specialised lending** | 66,433 | – | – | – | – |
| **Standardised approach** | | | | | |
| Corporate | 957 | – | – | – | – |
| SME corporate | 741 | – | – | – | – |
| SME retail | 2,920 | – | – | – | – |
| Sovereign | 565 | – | – | – | – |
| Bank | 324 | – | – | – | – |
| Residential mortgage | 15,102 | – | – | – | – |
| Other retail | 1,120 | – | – | – | – |
| Other assets | 17,799 | – | – | – | – |
| Central clearing counterparties | 10,483 | – | – | 236 | 2. 3 |
| **Total standardised approach** | 50,011 | – | – | 236 | 0. 5 |
| **Total exposures** | 1,075,364 | – | 370 | 269 | 0. 1 |

1 Credit derivatives that are treated as part of synthetic securitisation structures are excluded from credit risk mitigation disclosures and included within those relating to securitisation.

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

3 Including SME retail secured by residential property.

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

| | 31 December 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 | – |

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.

## 6.7 Counterparty Credit Risk

**APS 330 Table 11b (i) – Counterparty credit risk derivative exposure under the SA-CCR method**

| | 31 Dec 20 $M | 30 Jun 20 $M | 31 Dec 19 $M |
|---|---|---|---|
| Gross positive fair value | **33,594** | 29,759 | 24,422 |
| Netting and collateral benefits | **(25,809)** | (21,503) | (18,348) |
| Including collateral held of which: | | | |
| Cash | **(2,906)** | (3,122) | (3,395) |
| Replacement cost | **7,785** | 8,256 | 6,074 |
| Potential future exposure | **8,551** | 9,008 | 9,421 |
| Impact of scaling factor of 1.4 and incurred CVA | **6,431** | 6,742 | 6,111 |
| **Exposure at Default** | **22,767** | 24,006 | 21,606 |

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

| | Current Credit Exposure | | |
|---|---|---|---|
| **Exposure type** | 31 Dec 20 $M | 30 Jun 20 $M | 31 Dec 19 $M |
| Interest rate contracts | **9,131** | 9,714 | 7,431 |
| Foreign currency contracts | **24,120** | 19,288 | 16,686 |
| Equity contracts | **–** | – | 68 |
| Credit derivatives | **9** | 7 | 8 |
| Commodities and other | **334** | 750 | 229 |
| **Total** | **33,594** | 29,759 | 24,422 |

1 Excluding exposures to CCP's.

# Credit Risk (continued)

**APS 330 Table 11c – Counterparty credit risk derivative transactions**

| Notional value by product type as at 31 December 2020 [1, 2] | Own Credit Portfolio Protection buyer $M | Own Credit Portfolio Protection seller $M | Intermediation Activity Protection buyer $M | Intermediation Activity Protection seller $M |
|---|---|---|---|---|
| Credit default swaps | 2,233 | – | – | 450 |
| Total return swaps | – | – | – | – |
| Credit options | – | – | – | – |
| Other | – | – | – | – |
| **Total** | 2,233 | – | – | 450 |

1 Excluding exposures to CCP's.
2 Notional values are presented for credit derivatives with positive fair values and include credit derivative hedges.

| Notional value by product type as at 30 June 2020 [1, 2] | Own Credit Portfolio Protection buyer $M | Own Credit Portfolio Protection seller $M | Intermediation Activity Protection buyer $M | Intermediation Activity Protection seller $M |
|---|---|---|---|---|
| Credit default swaps | 2,723 | – | 17 | 967 |
| Total return swaps | – | – | – | – |
| Credit options | – | – | – | – |
| Other | – | – | – | – |
| **Total** | 2,723 | – | 17 | 967 |

1 Excluding exposures to CCP's.
2 Notional values are presented for credit derivatives with positive fair values and include credit derivative hedges.

| Notional value by product type as at 31 December 2019 [1, 2] | Own Credit Portfolio Protection buyer $M | Own Credit Portfolio Protection seller $M | Intermediation Activity Protection buyer $M | Intermediation Activity Protection seller $M |
|---|---|---|---|---|
| Credit default swaps | 1,471 | – | 46 | 964 |
| Total return swaps | – | – | – | – |
| Credit options | – | – | – | – |
| Other | – | – | – | – |
| **Total** | 1,471 | – | 46 | 964 |

1 Excluding exposures to CCP's.
2 Notional values are presented for credit derivatives with positive fair values and include credit derivative hedges.

## 6.8 Securitisation

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

| | 31 December 2020 | | | |
|---|---|---|---|---|
| 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 | 5,152 | 6,234 | 107,554 | – |
| Credit cards and other personal loans | – | – | – | – |
| Auto and equipment finance | – | – | – | – |
| Commercial loans | – | – | – | – |
| Other | – | – | – | – |
| **Total** | 5,152 | 6,234 | 107,554 | – |

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

| | 30 June 2020 | | | |
|---|---|---|---|---|
| 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 | 5,605 | 6,909 | 136,482 | – |
| Credit cards and other personal loans | – | – | – | – |
| Auto and equipment finance | – | – | – | – |
| Commercial loans | – | – | – | – |
| Other | – | – | – | – |
| **Total** | 5,605 | 6,909 | 136,482 | – |

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

| | 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 | – |

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

### Provision of implicit support to securitisation pool

The Bank repurchased $86 million securitised loans that had been granted payment relief between April and June 2020. APRA has assessed this action and determined it constituted implicit support of CBA's external RMBS program and was inconsistent with the intent of APS 120. In addition to this disclosure APRA requires CBA to obtain an external review of its securitisation programs prior to issuing any further RMBS, using an independent assessor and with a review scope agreed with APRA. APRA expects this review to be completed by the end of the 2021 calendar year.

### 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.

# Credit Risk (continued)

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

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

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

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

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

| | 30 June 2020 | | | |
|---|---|---|---|---|
| | Group originated assets securitised | | | |
| Underlying Asset | Outstanding exposure $M | Impaired assets $M | Past due [1] $M | Losses recognised $M |
| Residential mortgage | 148,996 | 19 | 298 | – |
| Credit cards and other personal loans | – | – | – | – |
| Auto and equipment finance | – | – | – | – |
| Commercial loans | – | – | – | – |
| Other | – | – | – | – |
| Total | 148,996 | 19 | 298 | – |

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

| | 31 December 2019 | | | |
|---|---|---|---|---|
| | Group originated assets securitised | | | |
| Underlying Asset | Outstanding exposure $M | Impaired assets $M | Past due [1] $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 | – |

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

**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 2020.

# Credit Risk (continued)

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

The Group's new securitisation activity in the banking book during the half year ended 31 December 2020, was $416 million.

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

| | Full year ended 30 June 2020 | |
|---|---|---|
| **Underlying Asset** | **Total exposures securitised $M** | **Recognised gain or loss on sale $M** |
| Residential mortgages | 4,681 | – |
| Credit cards and other personal loans | – | – |
| Auto and equipment finance | 657 | – |
| Commercial loans | 49 | – |
| Other | – | – |
| **Total** | 5,387 | – |

| | 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 | – |

# Credit Risk (continued)

**APS 330 Table 12k – Banking book securitisation exposures retained or purchased**

| | 31 December 2020 | | |
|---|---|---|---|
| **Securitisation Facility Type** | **On Balance Sheet $M** | **Off Balance Sheet $M** | **Total exposures $M** |
| Liquidity support facilities | – | 293 | **293** |
| Warehouse facilities | 5,009 | 4,814 | **9,823** |
| Derivative facilities | 315 | 160 | **475** |
| Holdings of securities | 5,300 | – | **5,300** |
| Other | – | 10 | **10** |
| **Total securitisation exposures in the banking book** | 10,624 | 5,277 | **15,901** |

| | 30 June 2020 | | |
|---|---|---|---|
| **Securitisation Facility Type** | **On Balance Sheet $M** | **Off Balance Sheet $M** | **Total exposures $M** |
| Liquidity support facilities | – | 258 | 258 |
| Warehouse facilities | 6,840 | 2,846 | 9,686 |
| Derivative facilities | 367 | 172 | 539 |
| Holdings of securities | 6,039 | – | 6,039 |
| Other | – | 10 | 10 |
| **Total securitisation exposures in the banking book** | 13,246 | 3,286 | 16,532 |

| | 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 |

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

Total securitisation exposures in the banking book decreased by $631 million or 3.8% during the half year ended 31 December 2020. The corresponding RWA decreased by $34 million or 1.1%, mainly due to the overall decreases of investment exposure, partly offset by upward revision of warehouse risk weights.

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

| | 30 June 2020 | | | | | |
|---|---|---|---|---|---|---|
| | Exposures | | Total | Risk Weighted Assets | | Total |
| | Securitisation | Resecuritisation | exposures | Securitisation | Resecuritisation | RWA |
| **Risk Weight Band** | $M | $M | $M | $M | $M | $M |
| ≤ 25% | 15,963 | – | 15,963 | 2,828 | – | 2,828 |
| > 25% ≤ 35% | 470 | – | 470 | 126 | – | 126 |
| > 35% ≤ 50% | 68 | – | 68 | 28 | – | 28 |
| > 50% ≤ 75% | 28 | – | 28 | 15 | – | 15 |
| > 75% ≤ 100% | – | – | – | – | – | – |
| > 100% ≤ 650% | – | – | – | – | – | – |
| > 650% ≤ 1250% | – | – | – | – | – | – |
| **Total** | 16,529 | – | 16,529 | 2,997 | – | 2,997 |

| | 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 |

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

| | Common Equity Tier 1 Capital | | |
|---|---|---|---|
| | 31 Dec 20 | 30 Jun 20 | 31 Dec 19 |
| **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 2020, banking book resecuritisation exposures without credit risk mitigation was nil (30 June 2020: nil, 31 December 2019: 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 no traditional securitisation exposures in the trading book.

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

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

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

The Group has not securitised any exposures in 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 2020.

**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 2020, relating to $35 million residential mortgages (30 June 2020: $28 million, 31 December 2019: $28 million), nil auto and equipment finance (30 June 2020: $7 million, 31 December 2019: $7 million), and $4 million personal finance (30 June 2020: $22 million, 31 December 2019: $2 million) exposures.

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

The aggregate amount of exposures securitised by the Group and subject to APS 116 was $93 million as at 31 December 2020 (30 June 2020: $93 million, 31 December 2019: $69 million), all of which are traditional securitisations. This consists of:

- Securities held in the trading book subject to the Standard Method of $36 million (30 June 2020: $11 million, 31 December 2019: $2 million); and
- Derivatives held in the trading book subject to the Internal Models Approach (IMA) of $57 million (30 June 2020: $82 million, 31 December 2019: $67 million).

# Credit Risk (continued)

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

| | 31 December 2020 | | |
|---|---|---|---|
| **Securitisation Facility Type** | **On Balance Sheet $M** | **Off Balance Sheet $M** | **Total exposures $M** |
| Liquidity support facilities | – | – | **–** |
| Warehouse facilities | – | – | **–** |
| Derivative facilities | 21 | 36 | **57** |
| Holdings of securities | 36 | – | **36** |
| Other | – | – | **–** |
| **Total securitisation exposures in the trading book** | 57 | 36 | **93** |

| | 30 June 2020 | | |
|---|---|---|---|
| **Securitisation Facility Type** | **On Balance Sheet $M** | **Off Balance Sheet $M** | **Total exposures $M** |
| Liquidity support facilities | – | – | – |
| Warehouse facilities | – | – | – |
| Derivative facilities | 38 | 44 | 82 |
| Holdings of securities | 11 | – | 11 |
| Other | – | – | – |
| **Total securitisation exposures in the trading book** | 49 | 44 | 93 |

| | 31 December 2019 | | |
|---|---|---|---|
| **Securitisation Facility Type** | **On Balance Sheet $M** | **Off Balance Sheet $M** | **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 |

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

The Group has $57 million of derivatives exposures held in the trading book subject to IMA (default risk) under APS 116 as at 31 December 2020 (30 June 2020: $82 million, 31 December 2019: $67 million).

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

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

| | 30 June 2020 | | |
|---|---|---|---|
| **Risk Weight Band** | **ERBA Approach $M** | **SFA Approach $M** | **Total exposures $M** |
| ≤ 25% | 63 | 21 | 84 |
| > 25% ≤ 35% | – | 9 | 9 |
| > 35% ≤ 50% | – | – | – |
| > 50% ≤ 75% | – | – | – |
| > 75% ≤ 100% | – | – | – |
| > 100% ≤ 650% | – | – | – |
| > 650% ≤ 1250% | – | – | – |
| **Total** | 63 | 30 | 93 |

| | 31 December 2019 | | |
|---|---|---|---|
| **Risk Weight Band** | **ERBA 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 |

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

The Group has $142 million of RWA held in the trading book subject to IMA (default risk) under APS 116 as at 31 December 2020 (30 June 2020: $166 million, 31 December 2019: $205 million).

# Credit Risk (continued)

**APS 330 Table 12u (ii) – Capital requirements (RWA) of trading book exposures subject to APS 120 by risk weighting**

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

| | 30 June 2020 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | ERBA Approach | | SFA Approach | | Standardised Approach | | Total Capital Requirements | |
| | Securitisation | Resecuritisation | Securitisation | Resecuritisation | Securitisation | Resecuritisation | Securitisation | Resecuritisation |
| **Risk Weight Band** | $M | $M | $M | $M | $M | $M | $M | $M |
| ≤ 25% | 13 | – | 3 | – | – | – | 16 | – |
| > 25% ≤ 35% | – | – | 2 | – | – | – | 2 | – |
| > 35% ≤ 50% | – | – | – | – | – | – | – | – |
| > 50% ≤ 75% | – | – | – | – | – | – | – | – |
| > 75% ≤ 100% | – | – | – | – | – | – | – | – |
| > 100% ≤ 650% | – | – | – | – | – | – | – | – |
| > 650% ≤ 1250% | – | – | – | – | – | – | – | – |
| **Total** | 13 | – | 5 | – | – | – | 18 | – |

| | 31 December 2019 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | ERBA Approach | | SFA Approach | | Standardised Approach | | Total Capital Requirements | |
| | Securitisation | Resecuritisation | Securitisation | Resecuritisation | Securitisation | Resecuritisation | Securitisation | Resecuritisation |
| **Risk Weight Band** | $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 | – |

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

The Group has no trading book exposures that are deducted entirely from CET1 capital as at 31 December 2020 (30 June 2020: nil, 31 December 2019: nil).

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

**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 2020 (30 June 2020: nil, 31 December 2019: 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 gain or loss recognised 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 2020 was $455 million (31 December 2019: $4,443 million). The total exposures securitised in the full year to 30 June 2020 was $5,444 million.

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

| | As at 31 December 2020 | | |
|---|---|---|---|
| **Securitisation Facility Type** | **On Balance Sheet $M** | **Off Balance Sheet $M** | **Total exposures $M** |
| Liquidity support facilities | – | 293 | **293** |
| Warehouse facilities | 5,009 | 4,814 | **9,823** |
| Derivative facilities | 336 | 196 | **532** |
| Holdings of securities | 5,336 | – | **5,336** |
| Other | – | 10 | **10** |
| **Total securitisation exposures** | 10,681 | 5,313 | **15,994** |

| | As at 30 June 2020 | | |
|---|---|---|---|
| **Securitisation Facility Type** | **On Balance Sheet $M** | **Off Balance Sheet $M** | **Total exposures $M** |
| Liquidity support facilities | – | 258 | 258 |
| Warehouse facilities | 6,840 | 2,846 | 9,686 |
| Derivative facilities | 405 | 216 | 621 |
| Holdings of securities | 6,050 | – | 6,050 |
| Other | – | 10 | 10 |
| **Total securitisation exposures** | 13,295 | 3,330 | 16,625 |

| | As at 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 | 427 | 233 | 660 |
| Holdings of securities | 6,991 | – | 6,991 |
| Other | – | 10 | 10 |
| **Total securitisation exposures** | 12,460 | 4,582 | 17,042 |

# 7 Equity Risk

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

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

| Equity Investments | 30 June 2020 Balance Sheet value $M | 30 June 2020 Fair value $M |
|---|---|---|
| Value of listed (publicly traded) equities | 1,855 | 1,749 |
| Value of unlisted (privately held) equities | 1,763 | 1,657 |
| **Total** | 3,618 | 3,406 |

| Equity Investments | 31 December 2019 Balance Sheet value $M | 31 December 2019 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 |

| | Half year ended | | |
|---|---|---|---|
| **Gains on Equity Investments** | **31 Dec 20 $M** | **30 Jun 20 $M** | **31 Dec 19 $M** |
| Cumulative realised gains in reporting period | **8** | – | – |
| Total unrealised gains | **269** | 53 | 38 |

1 Equity investment exposures including non-traded equity investments as well as investments in associates that 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 20 $M | 30 Jun 20 $M | 31 Dec 19 $M |
|---|---|---|---|
| Internal Model Approach | **10,376** | 11,455 | 4,672 |
| Standard Method | **785** | 1,002 | 756 |
| **Total Traded Market Risk RWA** | **11,161** | 12,457 | 5,428 |

1 Refer to page 11 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 20 $M | 30 Jun 20 $M | 31 Dec 19 $M |
|---|---|---|---|
| Interest rate risk | **62. 8** | 80. 2 | 60. 4 |
| Equity risk | **–** | – | 0. 1 |
| Foreign exchange risk | **–** | – | – |
| Commodity risk | **–** | – | – |
| **Total** | **62. 8** | 80. 2 | 60. 5 |
| **Risk Weighted Asset equivalent** [1] | **785** | 1,002 | 756 |

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

### Traded Market Risk Internal Model

The VaR and SVaR results calculated under the internal model approach are summarised in 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 VaR 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 2020 | 156 | 219 | 69 | 153 |
| Over the 6 months to 30 June 2020 | 109 | 272 | 20 | 124 |
| Over the 6 months to 31 December 2019 | 31 | 49 | 21 | 36 |

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

| | 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 2020 | 92 | 196 | 37 | 68 |
| Over the 6 months to 30 June 2020 | 128 | 325 | 34 | 41 |
| Over the 6 months to 31 December 2019 | 146 | 267 | 33 | 39 |

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 2020 there were no back-test outliers. In accordance with guidelines from APRA, in specific circumstances an ADI may disregard back-test outliers that occurred in March and April 2020 in determining a plus factor for an ADI under paragraph 85-86 of APS 116. The back-test results are summarised in APS 330 Table 14f (ii) and details of these are provided in APS 330 Table 14f (iii). A comparison of VaR with actual gains or losses during the 6 months to 31 December 2020 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 2020 | – |
| Over the 6 months to 30 June 2020 | 1 |
| Over the 6 months to 31 December 2019 | 1 |

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

# Market Risk (continued)

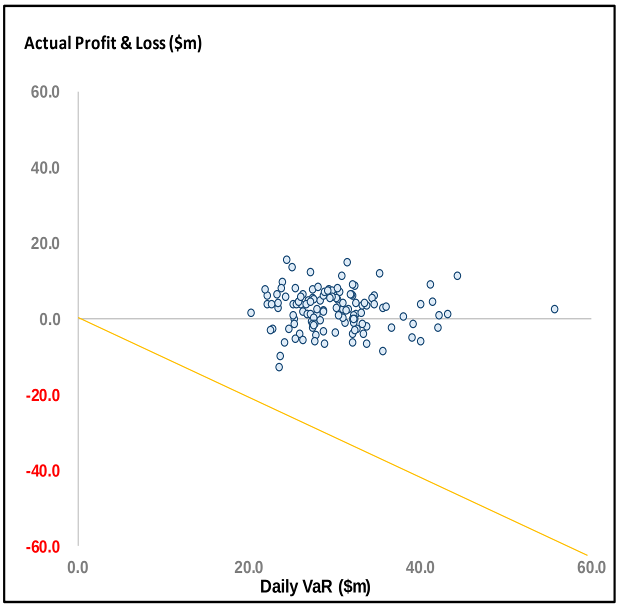
APS 330 Table 14f (iii) – Details of Back-Test

| Date | Over the Reporting Period 1 July 2020 to 31 December 2020 Hypothetical loss $M | VaR 99% $M |
|---|---|---|
| | – | – |

| Date | Over the Reporting Period 1 January 2020 to 30 June 2020 Hypothetical loss $M | VaR 99% $M |
|---|---|---|
| 28 February 2020 | 27 | 12 |

| Date | Over the Reporting Period 1 July 2019 to 31 December 2019 Hypothetical loss $M | VaR 99% $M |
|---|---|---|
| 05 August 2019 | 18 | 9 |

APS 330 Table 14f (iv) – Comparison of VaR estimates Outliers with actual gains/losses experiences




## 8.2 Non-Traded Market Risk

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

| Stress Testing: Interest Rate Shock Applied | Change in Economic Value 31 Dec 20 $M | 30 Jun 20 $M | 31 Dec 19 $M |
|---|---|---|---|
| **AUD** | | | |
| 200 basis point parallel increase | **(1,388)** | (808) | (411) |
| 200 basis point parallel decrease | **1,472** | 870 | 476 |
| **NZD** | | | |
| 200 basis point parallel increase | **(394)** | (348) | (370) |
| 200 basis point parallel decrease | **418** | 370 | 393 |
| **USD** | | | |
| 200 basis point parallel increase | **(167)** | (131) | (148) |
| 200 basis point parallel decrease | **(31)** | 144 | 159 |
| **Other** | | | |
| 200 basis point parallel increase | **48** | 36 | (7) |
| 200 basis point parallel decrease | **(48)** | (37) | 8 |

| Regulatory RWA [1] | 31 Dec 20 $M | 30 Jun 20 $M | 31 Dec 19 $M |
|---|---|---|---|
| Interest rate risk in the banking book | **15,561** | 11,085 | 8,998 |

1 Refer to page 11 for commentary.

# 9 Operational Risk

On 20 November 2020, APRA reduced the capital add-on by $500 million or $6.25 billion RWA, reflecting the progress made against the Prudential Inquiry Remedial Action Plan.

APS 330 Table 6e – Capital requirements for operational risk

| | 31 Dec 20 $M | 30 Jun 20 $M | 31 Dec 19 $M |
|---|---|---|---|
| Total operational risk RWA [1] | **49,994** | 57,212 | 59,511 |

1 Refer to page 11 for commentary.

# 10 Liquidity Risk

## 10.1 Liquidity Coverage Ratio

The Group calculates its LCR position on a daily basis, ensuring a buffer is maintained over the minimum regulatory requirement of 100% and the Board's risk appetite. Over the December 2020 quarter, excess liquid assets averaged $55 billion and the average LCR decreased by 3% from 146% to 143%.

The Group's mix of liquid assets consists of HQLA, such as cash, deposits with central banks, Australian Semi-Government and Commonwealth Government securities. Liquid assets also include repo-eligible securities with the RBA under the Committed Liquidity Facility (CLF) and TFF, and securities classified as liquid assets by the RBNZ. Liquid assets are distributed across the Group to support regulatory and internal requirements and are consistent with the distribution of liquidity needs by currency. Average Liquid Assets decreased over the quarter as the size of the Group's CLF decreased from $45.8 billion to $30.0 billion on 1 December 2020.

NCOs are modelled under an APRA prescribed 30 day severe liquidity stress scenario. The Group manages modelled NCOs by maintaining a large base of low LCR outflow customer deposits and actively managing its wholesale funding maturity profile as part of its overall liquidity management strategy. Average NCOs increased slightly over the quarter driven by strong growth in at-call deposits.

APS 330 Table 20 – LCR Disclosure Template

| | | 31 Dec 20 Total unweighted value (average) [1] $M | 31 Dec 20 Total weighted value (average) [1] $M | 30 Sep 20 Total unweighted value (average) [1] $M | 30 Sep 20 Total weighted value (average) [1] $M |
|---|---|---|---|---|---|
| **Liquid assets, of which:** | | | | | |
| 1 | High quality liquid assets (HQLA) | | 122,514 | | 120,506 |
| 2 | Alternative liquid assets (ALA) | | 57,065 | | 63,436 |
| 3 | Reserve Bank of New Zealand (RBNZ) securities | | 3,576 | | 2,335 |
| **Cash outflows** | | | | | |
| 4 | Retail deposits and deposits from small business customers, of which: | **369,448** | **33,200** | **353,983** | **31,938** |
| 5 | Stable deposits | 199,391 | 9,970 | 188,781 | 9,439 |
| 6 | Less stable deposits | 170,057 | 23,230 | 165,202 | 22,499 |
| 7 | Unsecured wholesale funding, of which: | **161,523** | **74,639** | **157,327** | **75,731** |
| 8 | Operational deposits (all counterparties) and deposits in networks for cooperative banks | 64,463 | 15,824 | 57,180 | 14,053 |
| 9 | Non-operational deposits (all counterparties) | 87,000 | 48,755 | 88,648 | 50,179 |
| 10 | Unsecured debt | 10,060 | 10,060 | 11,499 | 11,499 |
| 11 | Secured wholesale funding | | 774 | | 1,064 |
| 12 | Additional requirements, of which: | **167,831** | **23,583** | **160,799** | **21,828** |
| 13 | Outflows related to derivatives exposures and other collateral requirements | 5,650 | 5,650 | 5,480 | 5,480 |
| 14 | Outflows related to loss of funding on debt products | – | – | – | – |
| 15 | Credit and liquidity facilities | 162,181 | 17,933 | 155,319 | 16,348 |
| 16 | Other contractual funding obligations | 14 | – | 35 | – |
| 17 | Other contingent funding obligations | 71,080 | 8,593 | 74,290 | 10,153 |
| **18** | **Total cash outflows** | | **140,789** | | **140,714** |
| **Cash inflows** | | | | | |
| 19 | Secured lending | 7,251 | 1,392 | 7,250 | 1,292 |
| 20 | Inflows from fully performing exposures | 9,420 | 6,353 | 8,938 | 5,789 |
| 21 | Other cash inflows | 4,711 | 4,711 | 6,154 | 6,154 |
| **22** | **Total cash inflows** | **21,382** | **12,456** | **22,342** | **13,235** |
| **23** | **Total liquid assets** | | 183,155 | | 186,277 |
| **24** | **Total net cash outflows** | | 128,333 | | 127,479 |
| **25** | **Liquidity Coverage Ratio (%)** | | 143 | | 146 |
| **Number of data points used (Business Days)** | | | 64 | | 65 |

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

## 10.2 Net Stable Funding Ratio

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

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

The Group's NSFR decreased by 2% over the quarter, from 125% at 30 September 2020 to 123% at 31 December 2020. The decrease was driven by an increase in RSF, primarily due to the reduction in the Group's CLF and strong mortgage growth. This was partly offset by an increase in ASF due to strong deposit inflows from retail and SME customers.

**APS 330 Table 21 – NSFR disclosure template**

| | | As at 31 December 2020 | | | | |
|---|---|---|---|---|---|---|
| | | Unweighted value by residual maturity | | | | |
| | | No Maturity | 0 - 6 months | 7 - 12 months | > 12 months | Weighted value |
| | | $M | $M | $M | $M | $M |
| **Available Stable Funding (ASF) Item** | | | | | | |
| **1** | **Capital** | **74,634** | **–** | **–** | **28,647** | **103,281** |
| 2 | Regulatory Capital | 74,634 | – | – | 28,647 | 103,281 |
| 3 | Other Capital Instruments | – | – | – | – | – |
| **4** | **Retail deposits and deposits from small business customers** | **356,348** | **100,613** | **16** | **186** | **423,891** |
| 5 | Stable deposits [1] | 205,217 | 43,276 | 13 | 21 | 236,102 |
| 6 | Less stable deposits [2] | 151,131 | 57,337 | 3 | 165 | 187,789 |
| **7** | **Wholesale funding** | **141,238** | **143,549** | **34,905** | **94,654** | **188,194** |
| 8 | Operational deposits | 64,436 | – | – | – | **32,218** |
| 9 | Other wholesale funding | 76,802 | 143,549 | 34,905 | 94,654 | **155,976** |
| **10** | **Liabilities with matching interdependent assets** | – | – | – | – | **–** |
| **11** | **Other liabilities** | – | **16,726** | **202** | **2,817** | **2,918** |
| 12 | NSFR derivative liabilities | – | 8,113 | – | – | **–** |
| 13 | All other liabilities and equity not included in the above categories | – | 8,613 | 202 | 2,817 | **2,918** |
| **14** | **Total ASF** | | | | | **718,284** |
| **Required Stable Funding (RSF) Item** | | | | | | |
| **15 a)** | **Total NSFR HQLA** | – | **139,592** | – | – | **4,911** |
| **15 b)** | **ALA** | – | **70,958** | – | – | **7,096** |
| **15 c)** | **RBNZ Securities** | – | **4,336** | – | – | **439** |
| **16** | **Deposits held at other financial institutions for operational purposes** | – | – | – | – | **–** |
| **17** | **Performing loans and securities** | **845** | **68,475** | **40,832** | **632,562** | **519,656** |
| 18 | Performing loans to financial institutions secured by Level 1 HQLA | 432 | 10,175 | – | – | **1,061** |
| 19 | Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions | 413 | 13,657 | 5,805 | 17,047 | **22,061** |
| 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) | – | 32,489 | 26,846 | 130,694 | **140,661** |
| 21 | of which: with a risk weight of less than or equal to 35% under APS 112 | – | 43 | 48 | 485 | **360** |
| 22 | Performing residential mortgages | – | 8,135 | 7,653 | 480,006 | **349,295** |
| 23 | of which: with a risk weight equal to 35% under APS 112 | – | 6,935 | 6,523 | 387,824 | **269,535** |
| 24 | Securities that are not in default and do not qualify as HQLA, including exchange-traded equities | – | 4,019 | 528 | 4,815 | **6,578** |
| **25** | **Assets with matching interdependent liabilities** | – | – | – | – | **–** |
| **26** | **Other assets:** | **10,279** | **29,886** | **896** | **24,489** | **41,950** |
| 27 | Physical traded commodities, including gold | 10,279 | – | – | – | **8,738** |
| 28 | Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties (CCPs) | – | 1,822 | – | – | **1,549** |
| 29 | NSFR derivative assets | – | 10,687 | – | – | **2,575** |
| 30 | NSFR derivative liabilities before deduction of variation margin posted | – | 14,561 | – | – | **2,912** |
| 31 | All other assets not included in the above categories | – | 2,816 | 896 | 24,489 | **26,176** |
| **32** | **Off Balance Sheet items** | – | 189,371 | – | – | **8,653** |
| **33** | **Total RSF** | | | | | **582,705** |
| **34** | **Net Stable Funding Ratio (%)** | | | | | **123** |

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 (continued)

| | | As at 30 September 2020 | | | | |
|---|---|---|---|---|---|---|
| | | Unweighted value by residual maturity | | | | |
| | | No Maturity | 0 - 6 months | 7 - 12 months | > 12 months | Weighted value |
| | | $M | $M | $M | $M | $M |
| **Available Stable Funding (ASF) Item** | | | | | | |
| **1** | **Capital** | **71,818** | **–** | **–** | **29,141** | **100,960** |
| 2 | Regulatory Capital | 71,818 | – | – | 29,141 | **100,960** |
| 3 | Other Capital Instruments | – | – | – | – | **–** |
| **4** | **Retail deposits and deposits from small business customers** | **339,543** | **105,616** | **25** | **193** | **412,287** |
| 5 | Stable deposits [1] | 183,374 | 45,171 | 17 | 18 | **217,152** |
| 6 | Less stable deposits [2] | 156,169 | 60,445 | 8 | 175 | **195,135** |
| **7** | **Wholesale funding** | **140,941** | **135,052** | **29,531** | **104,011** | **194,227** |
| 8 | Operational deposits | 61,870 | – | – | – | **30,927** |
| 9 | Other wholesale funding | 79,071 | 135,052 | 29,531 | 104,011 | **163,300** |
| **10** | **Liabilities with matching interdependent assets** | – | – | – | – | **–** |
| **11** | **Other liabilities** | **–** | **18,022** | **248** | **2,764** | **2,888** |
| 12 | NSFR derivative liabilities | – | 9,298 | – | – | **–** |
| 13 | All other liabilities and equity not included in the above categories | – | 8,724 | 248 | 2,764 | **2,888** |
| **14** | **Total ASF** | | | | | **710,362** |
| **Required Stable Funding (RSF) Item** | | | | | | |
| **15 a)** | **Total NSFR HQLA** | | **132,419** | | | **5,370** |
| **15 b)** | **ALA** | | **78,214** | | | **7,821** |
| **15 c)** | **RBNZ Securities** | | **4,664** | | | **466** |
| **16** | **Deposits held at other financial institutions for operational purposes** | – | – | – | – | **–** |
| **17** | **Performing loans and securities** | **1,210** | **66,883** | **39,981** | **618,316** | **509,041** |
| 18 | Performing loans to financial institutions secured by Level 1 HQLA | 827 | 11,328 | – | – | **1,215** |
| 19 | Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions | 383 | 13,119 | 6,925 | 14,960 | **20,448** |
| 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) | – | 31,351 | 25,126 | 134,535 | **142,497** |
| 21 | of which: with a risk weight of less than or equal to 35% under APS 112 | – | 35 | 36 | 480 | **348** |
| 22 | Performing residential mortgages | – | 7,227 | 7,202 | 463,272 | **337,589** |
| 23 | of which: with a risk weight equal to 35% under APS 112 | – | 6,188 | 6,165 | 374,016 | **260,392** |
| 24 | Securities that are not in default and do not qualify as HQLA, including exchange-traded equities | – | 3,858 | 728 | 5,549 | **7,292** |
| **25** | **Assets with matching interdependent liabilities** | – | – | – | – | **–** |
| **26** | **Other assets:** | **8,130** | **27,838** | **712** | **25,192** | **37,075** |
| 27 | Physical traded commodities, including gold | 8,130 | – | – | – | **6,910** |
| 28 | Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties (CCPs) | – | 1,839 | – | – | **1,563** |
| 29 | NSFR derivative assets | – | 8,354 | – | – | **–** |
| 30 | NSFR derivative liabilities before deduction of variation margin posted | – | 13,613 | – | – | **2,723** |
| 31 | All other assets not included in the above categories | – | 4,032 | 712 | 25,192 | **25,879** |
| **32** | **Off Balance Sheet items** | **–** | **181,139** | **–** | **–** | **8,225** |
| **33** | **Total RSF** | | | | | **567,998** |
| **34** | **Net Stable Funding Ratio (%)** | | | | | **125** |

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 Appendix 11.3 Regulatory Balance Sheet and Appendix 11.4 Reconciliation between Detailed Capital Template and Regulatory Balance Sheet.

| Summary Group Capital Adequacy Ratios (Level 2) | 31 Dec 20 Basel III APRA % | 31 Dec 20 Basel III Internationally Comparable % |
|---|---|---|
| CET1 | 12. 6 | 18. 7 |
| Tier 1 | 15. 0 | 21. 8 |
| Total Capital | 18. 9 | 26. 9 |

| | | 31 Dec 20 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 | 38,417 | Table A |
| 2 | Retained earnings | 33,915 | |
| 3 | Accumulated other comprehensive income (and other reserves) | 2,287 | |
| 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 | 74,619 | |
| **Common Equity Tier 1 Capital: regulatory adjustments** | | | |
| 7 | Prudential valuation adjustments | (9) | |
| 8 | Goodwill (net of related tax liability) | (5,997) | Table C |
| 9 | Other intangibles other than mortgage servicing rights (net of related tax liability) | (1,642) | 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 | (994) | |
| 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 | – | |
| 15 | Defined benefit superannuation fund net assets [2] | (180) | |
| 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) | 65,797 | |

1 As at 31 December 2020, there is no shortfall with eligible credit provisions in excess of regulatory expected loss (pre-tax) using stressed LGD assumptions associated with the loan portfolio included in row 50. 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 CET1.

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

| | | 31 Dec 20 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 | **15** | 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 | **(4,432)** | Table G |
| 26e | of which: deferred tax assets not reported in rows 10, 21 and 25 | **(3,041)** | Table D |
| 26f | of which: capitalised expenses | **(833)** | |
| 26g | of which: investments in commercial (non-financial) entities that are deducted under APRA prudential requirements | **(162)** | 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 | **(249)** | |
| 27 | Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions | **–** | |
| 28 | Total regulatory adjustments to Common Equity Tier 1 [1] | **(17,524)** | |
| 29 | Common Equity Tier 1 Capital (APRA) | **57,095** | |
| **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 | **130** | Table E |
| 34 | Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in Group AT1) | **–** | |
| 35 | of which: instruments issued by subsidiaries subject to phase out | **–** | |
| 36 | Additional Tier 1 Capital before regulatory adjustments | **10,825** | 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) | **10,825** | |
| 45 | Tier 1 Capital (T1=CET1+AT1) | **67,920** | |
| **Tier 2 Capital: instruments and provisions** | | | |
| 46 | Directly issued qualifying Tier 2 instruments | **15,533** | Table F |
| 47 | Directly issued capital instruments subject to phase out from Tier 2 | **277** | Table F |
| 48 | Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2) | **–** | |
| 49 | of which: instruments issued by subsidiaries subject to phase out | **–** | |
| 50 | Provisions | **2,061** | |
| 51 | Tier 2 Capital before regulatory adjustments | **17,871** | |

1 Total regulatory adjustments to CET1 of $17,524 million in row 28 is net of APRA's allowance for treasury shares held by the Group's eligible employee share scheme trusts of $15 million as detailed in row 26a.

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

| | | 31 Dec 20 Basel III $M | Reconciliation Table Reference |
|---|---|---|---|
| **Tier 2 Capital: regulatory adjustments** | | | |
| 52 | Investments in own Tier 2 instruments | **(30)** | |
| 53 | Reciprocal cross-holdings in Tier 2 instruments | **–** | |
| 54 | Investments in the Tier 2 Capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold) | **(19)** | |
| 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 | **(49)** | |
| 58 | Tier 2 Capital (T2) | **17,822** | |
| 59 | Total Capital (TC=T1+T2) | **85,742** | |
| 60 | Total risk weighted assets based on APRA standards | **453,616** | |
| **Capital ratios and buffers** | | | |
| 61 | CET1 (as a percentage of risk weighted assets) | **12.6%** | |
| 62 | Tier 1 (as a percentage of risk weighted assets) | **15.0%** | |
| 63 | Total Capital (as a percentage of risk weighted assets) | **18.9%** | |
| 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) | **12.6%** | |
| **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 | **862** | Table G |
| 73 | Significant investments in the ordinary shares of financial entities | **3,570** | Table G |
| 74 | Mortgage servicing rights (net of related tax liability) | **–** | |
| 75 | Deferred tax assets arising from temporary differences (net of related tax liability) | **3,041** | 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) | **252** | |
| 77 | Cap on inclusion of provisions in Tier 2 under standardised approach | **226** | |
| 78 | Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap) | **1,835** | |
| 79 | Cap for inclusion of provisions in Tier 2 under internal ratings-based approach | **2,153** | |
| **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 | **1,049** | |
| 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 | **645** | |
| 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 20 Basel III APRA $M |
|---|---|---|
| 1 | Total consolidated assets as per published financial statements | 1,057,734 |
| 2 | Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation | (5,613) |
| 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 | (5,915) |
| 5 | Adjustment for SFTs (i.e. repos and similar secured lending) | 131 |
| 6 | Adjustment for off Balance Sheet exposures (i.e. conversion to credit equivalent amounts of off Balance Sheet exposures) | 96,029 |
| 7 | Other adjustments | (17,318) |
| **8** | **Leverage ratio exposure** | **1,125,048** |

**APS 330 Table 18 – leverage ratio disclosure template**

| | | 31 Dec 20 Basel III APRA $M |
|---|---|---|
| **On Balance Sheet exposures** | | |
| 1 | On Balance Sheet items (excluding derivatives and securities financing transactions (SFTs), but including collateral) | 998,672 |
| 2 | Asset amounts deducted in determining Tier 1 capital | (17,318) |
| 3 | **Total On Balance Sheet exposures (excluding derivatives and SFTs)** | **981,354** |
| **Derivative exposures** | | |
| 4 | Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin) | 9,700 |
| 5 | Add-on amounts for potential future credit exposure (PFCE) associated with all derivatives transactions | 16,109 |
| 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 | 726 |
| 10 | (Adjusted effective notional offsets and add-on deductions for written credit derivatives) | (52) |
| 11 | **Total derivative exposures** | **26,483** |
| **SFT exposures** | | |
| 12 | Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions | 21,051 |
| 13 | (Netted amounts of cash payables and cash receivables of gross SFT assets) | – |
| 14 | CCR exposure for SFT assets | 131 |
| 15 | Agent transaction exposures | – |
| 16 | **Total SFT exposures** | **21,182** |
| **Other Off Balance Sheet exposures** | | |
| 17 | Off Balance Sheet exposure at gross notional amount | 197,100 |
| 18 | (Adjustments for conversion to credit equivalent amounts) | (101,071) |
| 19 | **Other Off Balance Sheet exposures** | **96,029** |
| **Capital and total exposures** | | |
| 20 | Tier 1 Capital | 67,920 |
| 21 | Total exposures | 1,125,048 |
| **Leverage ratio** | | |
| 22 | Leverage ratio (%) | 6.0 |

## 11.3 Regulatory Balance Sheet

The following table provides details on the Group's Balance Sheet and the Level 2 Regulatory Balance Sheet as at 31 December 2020.

| | Group Balance Sheet $M | Adjustment [1] $M | Level 2 Regulatory Balance Sheet $M | Template/ Reconciliation Table Reference |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and liquid assets | 63,019 | (71) | 62,948 | |
| Receivables due from other financial institutions | 7,280 | – | 7,280 | |
| Assets at fair value through Income Statement | 50,702 | (285) | 50,417 | Table G |
| Derivative assets | 32,398 | – | 32,398 | |
| Investment securities: | | | | Table G |
| At amortised cost | 4,391 | – | 4,391 | |
| At fair value through Other Comprehensive Income | 89,672 | – | 89,672 | |
| Loans, bills discounted and other receivables | 785,429 | (5,152) | 780,277 | |
| Investment in regulatory non-consolidated subsidiaries | – | 670 | 670 | Table G |
| Property, plant and equipment | 5,468 | – | 5,468 | |
| Investment in associates and joint ventures | 2,865 | – | 2,865 | Table G |
| Intangible assets | 6,943 | 761 | 7,704 | Table C |
| Deferred tax assets | 2,522 | (260) | 2,262 | Table D |
| Other assets | 5,428 | (187) | 5,241 | |
| Assets held for sale | 1,617 | (1,089) | 528 | Table G |
| **Total assets** | 1,057,734 | (5,613) | 1,052,121 | |
| **Liabilities** | | | | |
| Deposits and other public borrowings | 746,466 | 976 | 747,442 | |
| Payables due to other financial institutions | 31,010 | – | 31,010 | |
| Liabilities at fair value through Income Statement | 7,255 | – | 7,255 | |
| Derivative liabilities | 33,482 | – | 33,482 | |
| Current tax liabilities | 105 | 1 | 106 | |
| Deferred tax liabilities | 224 | – | 224 | Table D |
| Provisions | 3,552 | (297) | 3,255 | |
| Debt issues | 122,548 | (5,263) | 117,285 | |
| Bills payable and other liabilities | 9,826 | (348) | 9,478 | |
| Loan capital | 27,608 | – | 27,608 | Table E |
| Liabilities held for sale | 655 | (302) | 353 | |
| **Total liabilities** | 982,731 | (5,233) | 977,498 | |
| **Net assets** | 75,003 | (380) | 74,623 | |
| **Shareholders' Equity** | | | | |
| Ordinary Share capital | 38,417 | – | 38,417 | Row 1, Table A |
| Reserves | 2,287 | – | 2,287 | Row 3 |
| Retained profits | 34,294 | (379) | 33,915 | Row 2 |
| **Shareholders' Equity attributable to Equity holders of the Bank** | 74,998 | (379) | 74,619 | |
| Non-controlling interests | 5 | (1) | 4 | Table B |
| **Total Shareholders' Equity** | 75,003 | (380) | 74,623 | |

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 Disclosures Template and Regulatory Balance Sheet

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

| Table A | 31 Dec 20 $M | Template Reference |
|---|---|---|
| **Share Capital** | | |
| Ordinary Share Capital | 38,417 | |
| Total per Balance Sheet (Ordinary Share Capital Internationally Comparable) [1] | 38,417 | Row 1 |
| Treasury Shares held by the Group's employee share scheme trusts (APRA specific adjustment) | 15 | Row 26a |
| **Total Ordinary Share Capital and Treasury Shares (APRA)** | 38,432 | |

| Table B | 31 Dec 20 $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 20 $M | Template Reference |
|---|---|---|
| **Goodwill and Other Intangibles** | | |
| Total per Balance Sheet [1] | 7,704 | |
| Less capitalised software and other intangibles separately disclosed in template | (1,707) | |
| **Total per Capital Template - Goodwill (APRA and Internationally Comparable)** | 5,997 | Row 8 |
| Other intangibles (including capitalised software) per Balance Sheet | 1,707 | |
| Less deferred tax liability associated with other intangibles | (65) | |
| **Total per Capital Template - Other Intangibles (APRA and Internationally Comparable)** | 1,642 | Row 9 |

| Table D | 31 Dec 20 $M | Template Reference |
|---|---|---|
| **Deferred Tax Assets** | | |
| Deferred tax assets per Balance Sheet [1] | 2,262 | |
| Less deferred tax liabilities per Balance Sheet [1] | (224) | |
| Net Deferred Tax Assets [2] | 2,038 | |
| Adjustments required in accordance with APRA prudential standards [3] | 1,003 | |
| Deferred tax asset adjustment before applying prescribed thresholds (APRA specific adjustment) | 3,041 | Row 26e |
| Less amounts below prescribed threshold - risk weighted [4] | (3,041) | Row 75 |
| **Total per Capital Template (Internationally Comparable)** | – | Row 10, 21, 25 |

1 Represents the balance per Level 2 Regulatory Balance Sheet.

2 Represents the balance of deferred tax assets net of deferred tax liabilities per Level 2 Regulatory Balance Sheet.

3 Represents the deferred tax balances associated with reserves ineligible for inclusion in regulatory capital, 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.

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

| Table E | 31 Dec 20 $M | Template Reference |
|---|---|---|
| **Additional Tier 1 Capital** | | |
| Total Loan Capital per Balance Sheet [1] | 27,608 | |
| Less fair value hedge adjustments [2] | (973) | |
| Total Loan Capital net of issue costs at their contractual values | 26,635 | |
| Less amount related to Tier 2 Capital Instruments | (15,860) | |
| Total Tier 1 Loan Capital | 10,775 | |
| Add issue costs [3] | 50 | |
| 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)** | 10,825 | 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 | 130 | |
| Less Basel III transitional relief amortisation for directly issued instruments [4] | – | Row 83 |
| | 130 | Row 33 |
| **Total Basel III Non Complying Instruments** | 130 | |
| **Total Additional Tier 1 Capital Instruments (APRA)** | 10,825 | Row 36 |

| Table F | 31 Dec 20 $M | Template Reference |
|---|---|---|
| **Tier 2 Capital Instruments** | | |
| Total included in Balance Sheet | 15,860 | |
| Less amount of Tier 2 debt issued by subsidiary ineligible for inclusion in the Group's Capital [5] | (80) | |
| Add issue costs [3] | 30 | |
| 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)** | 15,810 | Row 46, 47 |

1 Represents the balance per Level 2 Regulatory Balance Sheet.
2 For regulatory capital purposes, APRA requires these instruments to be included as if they were unhedged.
3 Unamortised issue costs relating to capital instruments are netted off against each instrument in the Balance Sheet. For regulatory capital purposes, these capital instruments are shown at face value. The unamortised issue costs are deducted from CET1 as part of capitalised expenses in Row 26f in the Detailed Capital Disclosures Template.
4 Basel III transitional arrangements apply to directly issued capital instruments and instruments issued by subsidiaries not compliant with the new Basel III requirements.
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 20 $M | Template Reference |
|---|---|---|
| **Equity Investments** | | |
| Investment in commercial entities | **162** | Row 26g |
| Investments in significant financial entities | **2,900** | Row 26d, 73 |
| Investments in non-significant financial entities | **862** | Row 26d, 72 |
| | **3,924** | |
| Equity investment in non-consolidated subsidiaries | **670** | Row 26d, 73 |
| Total equity investments before applying prescribed thresholds APRA specific adjustment [1] | **4,594** | |
| Less amounts risk weighted under Internationally Comparable [2] | **(4,594)** | |
| **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, Investment Securities, Assets at Fair Value through Income Statement 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 $2,900 million, investments in non-significant financial entities of $862 million and equity investment in non-consolidated subsidiaries of $670 million is a total of $4,432 million and is included in row 26d in the Detailed Capital Disclosures Template. The BCBS allows for equity investments to be concessionally risk weighted provided they are below prescribed thresholds. APRA requires such items to be deducted 100% from CET1. The remaining balance of $162 million related to investments in commercial entities are risk weighted under Internationally Comparable methodology, with no prescribed threshold limits.

### Countercyclical Capital Buffer

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

| Table H | RWA [2] $M | Jurisdictional Buffer % | ADI Specific Buffer [3] % | Template Reference |
|---|---|---|---|---|
| **Country** [1] | | | | |
| Hong Kong | 680 | 1.000% | 0.001857% | |
| Norway | 719 | 1.000% | 0.001963% | |
| Luxembourg | 140 | 0.500% | 0.000191% | |
| Others | 364,482 | 0.000% | 0.000000% | |
| **Total** | **366,021** | | **0.004011%** | Row 66 |

1 Represents country of ultimate risk as at 31 December 2020.

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

3 Calculated as each country's 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 holding companies for other entities included in the table below.

| Entity name | Total Assets $M | Total Liabilities $M |
|---|---|---|
| **(a) Securitisation** | | |
| Medallion Trust Series 2017-1 | 1,109 | 1,111 |
| Medallion Trust Series 2017-2 | 1,377 | 1,379 |
| Medallion Trust Series 2018-1 | 1,635 | 1,638 |
| Medallion Trust Series 2019-1 | 1,157 | 1,159 |

| Entity name | Total Assets $M | Total Liabilities $M |
|---|---|---|
| **(b) Insurance and Funds Management** | | |
| Avanteos Investments Limited | 87 | 24 |
| Avanteos Pty Ltd | – | – |
| CBA Captive Insurance Pte Limited | 94 | 24 |
| Colonial Mutual Superannuation Pty Ltd | – | – |
| Colonial Services Pty Limited | – | – |
| Commonwealth Custodial Services Pty Ltd | 1 | 1 |
| Commonwealth Insurance Limited | 1,131 | 860 |
| Colonial First State Investments Limited | 1,011 | 465 |
| Emerald Holding Company Pty Limited | – | – |
| Premium Alternative Investments Pty Limited | – | – |
| Premium Plantations Pty Limited | – | – |
| Premium Plantations Services Pty Ltd | – | – |
| 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 APS 330 paragraphs 12, 47 and Attachments A to H.



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

# Appendices (continued)

## 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 Capital (AT1)** | Additional Tier 1 Capital is a concept defined by APRA and consists of high quality capital that essentially provides a permanent and unrestricted commitment of funds, is freely available to absorb losses, ranks behind the claims of depositors and other more senior creditors in the event of a wind-up, and provides for fully discretionary capital distributions. |
| **Authorised Deposit-taking Institution (ADI)** | Authorised Deposit-taking Institutions are financial institutions that are authorised under the Banking Act 1959 to carry on banking business in Australia, including accepting deposits from the public. |
| **Advanced Internal Ratings-based (AIRB) Approach** | This approach is used to measure credit risk in accordance with the Group's Basel III accreditation that allows the Group to use internal estimates of PD, LGD and EAD for the purposes of calculating regulatory capital. |
| **Advanced Measurement Approach (AMA)** | This approach is 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. |
| **Alternative Liquid Assets (ALA)** | Assets that qualify for inclusion in the numerator of the LCR in jurisdictions where there is insufficient supply of HQLA. |
| **ASB** | ASB Bank Limited – a subsidiary of the Commonwealth Bank of Australia that is directly regulated by the RBNZ. |
| **Australian Accounting Standards** | The Australian Accounting Standards as issued by the Australian Accounting Standards Board (AASB). |
| **Australian Prudential Regulation Authority (APRA)** | The Australian Prudential Regulation Authority is an independent statutory authority that supervises institutions across banking, insurance and superannuation, and is accountable to the Australian parliament. |
| **Banking Book** | The banking book is a term for assets on a bank's Balance Sheet that are expected to be held to maturity, usually consisting of customer loans to and deposits from retail and corporate customers. The banking book can also include those derivatives that are used to hedge exposures arising from the banking book activity, including interest rate risk. |
| **Basel II** | Refers to the Basel Committee on Banking Supervision's Revised Framework for International Convergence of Capital Measurement and Capital Standards issued in June 2006 and as subsequently amended. |
| **Basel III** | Refers to the Basel Committee on Banking Supervision's framework for more resilient banks and banking systems issued December 2010 (revised June 2011) and Capital requirements for bank exposures to central counterparties (July 2012). |
| **CBA** | Commonwealth Bank of Australia – the head entity of the Group. |
| **Central Counterparty (CCP)** | A clearing house that interposes itself between counterparties to contracts traded in one or more financial markets, thereby ensuring the future performance of open contracts. |
| **Collective Provision** | All loans and receivables that do not have an individually assessed provision are assessed collectively for impairment. The collective provision is maintained to reduce the carrying value of the portfolio of loans to their estimated recoverable amounts. These provisions are reported in the Group's financial statements in accordance with Australian Accounting Standards (AASB 9 *Financial Instruments*). |
| **Committed Liquidity Facility (CLF)** | The RBA provides the Committed Liquidity Facility to participating ADIs under the LCR, as a shortfall in Commonwealth government and semi-government securities exists in Australia. ADIs can draw on 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 Capital (CET1)** | The highest quality of capital available to the Group reflecting the permanent and unrestricted commitment of funds that are freely available to absorb losses. It comprises ordinary share capital, retained earnings and reserves less prescribed deductions. |
| **Corporate** | Basel asset class - includes commercial credit risk where annual revenues are $50 million or more. |
| **Countercyclical capital buffer (CCyB)** | The countercyclical capital buffer is an additional amount of capital that APRA can require ADIs to hold at certain points in the economic and financial cycle. The primary purpose of the countercyclical capital buffer is to increase the resilience of the ADI sector during periods of heightened systemic risk. |
| **Counterparty Credit Risk (CCR)** | The risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. |
| **Credit Equivalent Amount** | The credit equivalent amount is a measure, prescribed by the regulator, to quantify credit risk for off Balance Sheet instruments, such as interest rate derivatives. The credit equivalent amount of a market related off Balance Sheet transaction calculated using the current exposure method is the sum of current credit exposure and potential future credit exposure of these contracts. |
| **Credit Valuation Adjustment (CVA) Risk** | The risk of mark-to-market losses related to deterioration in the credit quality of a derivative counterparty. |
| **Exposure at Default (EAD)** | The extent to which a bank may be exposed upon default of an obligor. |
| **Extended Licenced Entity (ELE)** | An Extended Licensed Entity is comprised of an ADI and each subsidiary of an ADI as specified in any approval granted by APRA in accordance with Prudential Standard APS 222 “Associations with 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 “Credit Quality” requires the Group to establish a reserve that covers credit losses prudently estimated, but not certain to arise, over the full life of all individual facilities making up the business of the ADI. Most of the Group’s collective provisions are included in the GRCL. An excess of required GRCL over the Group’s collective provisions is recognised as a deduction from CET1. |
| **Group** | Commonwealth Bank of Australia and its subsidiaries. |
| **High Quality Liquid Assets (HQLA)** | Assets are considered to be high quality liquid assets if they can be easily and immediately converted into cash at little or no loss of value. |
| **Impaired Assets** | Facilities are classified as impaired where there is doubt as to whether the full amounts due, including interest and other payments due, will be received 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)** | Interest rate risk in the banking book is the risk that the Bank’s profit derived from Net Interest Income (interest earned less interest paid), in current and future periods, is adversely impacted from changes in interest rates. This is measured from two perspectives: firstly by quantifying the change in the net present value of the Balance Sheet’s future earnings potential, and secondly as the anticipated change to Net Interest Income earned over 12 months. This calculation is driven by APRA regulations with further detail outlined in the Group’s 30 June 2020 Basel III Pillar 3 report. |

## 11.8 Glossary (continued)

| Term | Definition |
|---|---|
| **Level 1** | The Parent Bank (Commonwealth Bank of Australia) and offshore branches (the Bank) and APRA approved Extended Licensed Entities. |
| **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 through which securitisation of Group assets is conducted. This is the basis on which the report has been produced. |
| **Level 3** | The conglomerate group including the Group's insurance and funds management businesses (the Group). |
| **Leverage Ratio** | Tier 1 Capital divided by total exposures, with this ratio expressed as a percentage. |
| **Liquidity Coverage Ratio (LCR)** | The liquidity coverage ratio is a quantitative liquidity measure that is part of the Basel III reforms. It was implemented by APRA in Australia on 1 January 2015. It requires Australian ADIs to hold sufficient liquid assets to meet 30 day net cash outflows projected under an APRA-prescribed stress scenario. |
| **Loss Given Default (LGD)** | An estimate of the expected severity of loss for a credit exposure following a default event. Loss Given Default represents the fraction of EAD that is not expected to be recovered following default. |
| **Net Cash Outflows (NCO)** | Net cash outflows in the LCR are calculated by applying prescribed run-off factors on liabilities and various off Balance Sheet exposures that can generate a cash outflow in the next 30 days. |
| **Net Stable Funding Ratio (NSFR)** | The net stable funding ratio more closely aligns the behaviour term of assets and liabilities. It is the ratio of the amount of available stable funding (ASF) to the amount of required stable funding (RSF). ASF is the portion of an ADI's capital and liabilities expected to be a reliable source of funds over a one year time horizon. RSF is a function of the liquidity characteristics and residual maturities of an ADI's assets and off Balance Sheet activities. |
| **Other Assets** | Basel asset class – primarily includes Cash, Investments in Related Entities, Fixed Assets and Margin Lending. |
| **Other Retail** | Basel asset class – primarily includes retail credit exposures not otherwise classed as a residential mortgage, SME retail or a qualifying revolving retail asset. |
| **Past Due** | Facilities are past due when a contracted amount, including principal or interest, has not been met when due or it is otherwise outside contracted arrangements. |
| **Probability of Default (PD)** | The likelihood that a debtor fails to meet its debt obligations or contractual commitments. |
| **Prudential Capital Ratio (PCR)** | The regulatory minimum CET1, Tier 1 and Total Capital ratios that the Group is required to maintain at all times. |
| **Qualifying Revolving Retail (QRR)** | Basel asset class – represents revolving exposures to individuals less than $0.1m, unsecured and unconditionally cancellable by the Group. Only Australian retail credit cards qualify for this AIRB asset class. |
| **RBA** | Reserve Bank of Australia. |
| **RBNZ** | Reserve Bank of New Zealand. |

# Appendices (continued)

## 11.8 Glossary (continued)

| Term | Definition |
|---|---|
| **Residential Mortgage** | Basel asset class – retail exposures secured by residential mortgage property. |
| **Risk Weighted Assets (RWA)** | The value of the Group's on and off Balance Sheet assets are adjusted by risk weights calculated according to various APRA prudential standards. |
| **Scaling Factor** | In order to broadly maintain the aggregate level of capital in the global financial system post implementation of Basel II, the Basel Committee on Banking Supervision applies a scaling factor to the RWA amounts for credit risk under the IRB approach of 1.06. |
| **Securities Financing Transactions (SFT)** | APRA defines securities financing transactions as transactions such as repurchase agreements, reverse repurchase agreements, and security lending and borrowing, and margin lending transactions, where the value of the transactions depends on the market valuation of securities and the transactions are typically subject to margin agreements. |
| **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 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 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 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 the RBA), 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, object finance, project finance and commodity finance. |
| **Specific Provisions** | APS 220 "Credit Quality" 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 GRCL (which are primarily collective provisions on some defaulted assets). |
| **Standardised Approach** | An alternate approach to the assessment of credit, operational and traded market risk whereby an ADI uses external ratings agencies to assist is assessing credit risk and/or the application of specific values provided by regulators to determine RWA. |
| **Stressed Value-at-Risk (SVaR)** | Stressed Value-at-Risk uses the same methodology as VaR except that the historical data used is taken from a one year observation period of significant market volatility as seen during the Global Financial Crisis. |
| **Term Funding Facility (TFF)** | A facility provided by the RBA to certain ADIs to support lending to Australian businesses. |
| **Tier 1 Capital** | Comprises CET1 and AT1. |
| **Tier 2 Capital** | Capital items that fall short of the necessary conditions to qualify as Tier 1 Capital. |

### 11.8 Glossary (continued)

| Term | Definition |
|---|---|
| **Total Capital** | Comprises CET1, AT1 and Tier 2 Capital. |
| **Total Exposures (as used in the leverage ratio)** | The sum of on Balance Sheet items, derivatives, 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" Attachment D. |
| **Trading Book** | Exposures, including derivative products and other off Balance Sheet instruments, that are held either with a trading intent or to hedge other elements of the trading book. |
| **Value-at-Risk (VaR)** | Value-at-Risk is a measure of potential loss using historically observed market volatility and correlation between different markets. |