

Basel III Pillar 3

Capital Adequacy and Risk
Disclosures as at 31 December 2023

For further information contact:

Investor Relations

Melanie Kirk

Phone: 02 9118 7113

Email: cbainvestorrelations@cba.com.au

The release of this announcement was authorised by the Board.

Commonwealth Bank of Australia | Media Release 013/2024 | ACN 123 123 124 | Commonwealth Bank Place South Level 1,
11 Harbour Street, Sydney NSW 2000 | 14 February 2024

Contents

1	Introduction	2
2	Scope of Application	3
3	Capital	4
4	Leverage Ratio	8
5	Risk Weighted Assets	9
6	Credit Risk	12
	6.1 Credit Risk Exposure – excluding Equities and Securitisation	12
	6.2 Non-performing Exposures and Provisions	22
	6.3 Portfolios Subject to Standardised and Supervisory Risk Weights	29
	6.4 Portfolios Subject to Internal Ratings-based Approaches	31
	6.5 Credit Risk Mitigation	42
	6.6 Counterparty Credit Risk	45
	6.7 Securitisation	47
7	Equity Risk	57
8	Market Risk	58
	8.1 Traded Market Risk	58
	8.2 Non-Traded Market Risk	60
9	Operational Risk	61
10	Liquidity Risk	62
	10.1 Liquidity Coverage Ratio	62
	10.2 Net Stable Funding Ratio	63
11	Appendices	65
	11.1 Detailed Capital Disclosures Template (APS 330 Attachment A)	65
	11.2 Detailed Leverage Disclosures Template (APS 330 Attachment E)	68
	11.3 Regulatory Balance Sheet	69
	11.4 Reconciliation between Detailed Capital Disclosures Template and Regulatory Balance Sheet	70
	11.5 Entities excluded from Level 2 Regulatory Consolidated Group	73
	11.6 List of APRA APS 330 Tables	74
	11.7 List of Supplemental Tables and Diagrams	76
	11.8 Glossary	77

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 insurance business and certain 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 Standardised Measurement Approach for operational risk. The Group is also required to assess its traded market risk and IRRBB requirements under Pillar 1 of the Basel capital framework.

The Group engaged the external auditor (PwC) to perform assurance procedures over the Pillar 3 report in accordance with the Australian Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*.

This Pillar 3 document is available on the Group's corporate website: [Commbank.com.au/regulatorydisclosures](https://commbank.com.au/regulatorydisclosures).

The Group in Review

	31 Dec 23 ¹	30 Jun 23 ¹	31 Dec 22 ²
Summary Group Capital Adequacy Ratios (Level 2)	%	%	%
Common Equity Tier 1	12.3	12.2	11.4
Additional Tier 1	2.4	2.3	1.9
Tier 1	14.7	14.5	13.3
Tier 2	5.8	5.5	4.5
Total Capital	20.5	20.0	17.8

¹ Prepared in accordance with APRA's revised capital framework effective from 1 January 2023.

² Prepared in accordance with APRA's capital framework effective up until 31 December 2022.

Group Capital Ratios

As at 31 December 2023, the Group's Basel III Common Equity Tier 1 (CET1), Tier 1 and Total Capital ratios were 12.3%, 14.7% and 20.5% respectively.

Leverage Ratio

The Group's leverage ratio, which is defined as Tier 1 Capital as a percentage of total exposures, was 5.0% as at 31 December 2023.

Liquidity Coverage Ratio

The Liquidity Coverage Ratio (LCR) requires Australian ADIs to hold sufficient liquid assets to meet 30 day Net Cash Outflows (NCO) projected under an APRA prescribed stress scenario. The Group maintained an average LCR of 136% in the December 2023 quarter.

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 121% at 31 December 2023.

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.

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 businesses and certain entities through which securitisation of Group assets is conducted; and
- **Level 3:** the conglomerate group including the Group's insurance entity¹ (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 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.

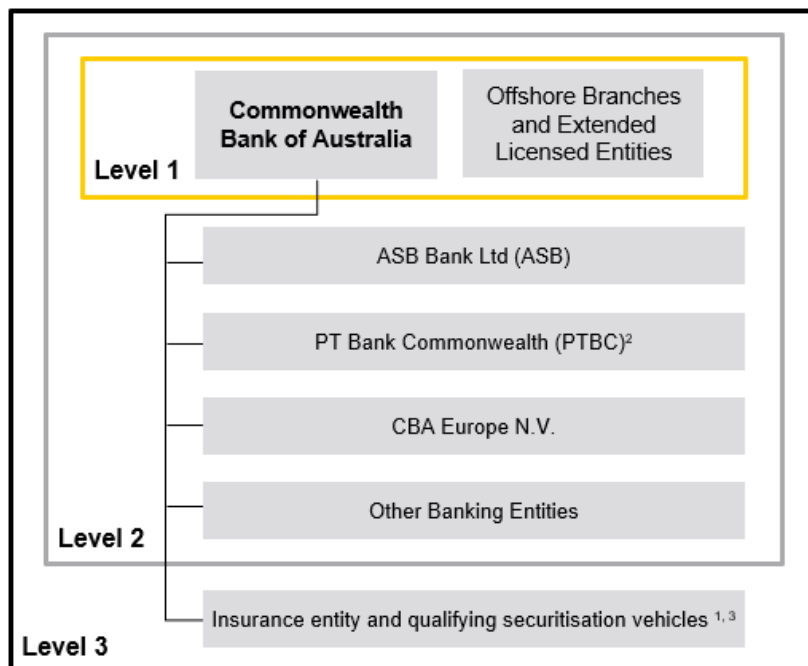
CBA Europe N.V. and PT Bank Commonwealth (PTBC) apply the Standardised Basel III methodology in calculating their local regulatory capital requirements. Effective from March 2022, APRA approved CBA Europe N.V. to apply the Internal Ratings-based (IRB) approach for the purpose of determining the Group's capital requirement at Level 2.

Restrictions on transfer of funds or regulatory capital within the Group

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

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

APS 330 reporting structure



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

² On 16 November 2023, the Group announced that it entered into a binding agreement to sell its 99% shareholding in its Indonesian banking subsidiary, PT Bank Commonwealth (PTBC), to PT Bank OCBC NISP Tbk (OCBC Indonesia), a subsidiary of Oversea-Chinese Banking Corporation Limited (OCBC) for an upfront cash consideration of approximately \$220 million. Completion of the transaction is subject to a number of conditions including regulatory approvals from the Indonesian Financial Services Authority and the Monetary Authority of Singapore. The completion of the transaction is expected by the third quarter of calendar year 2024.

³ Securitisation that meets APRA's operational requirements for regulatory capital relief under APS 120 *Securitisation* (APS 120).

3 Capital

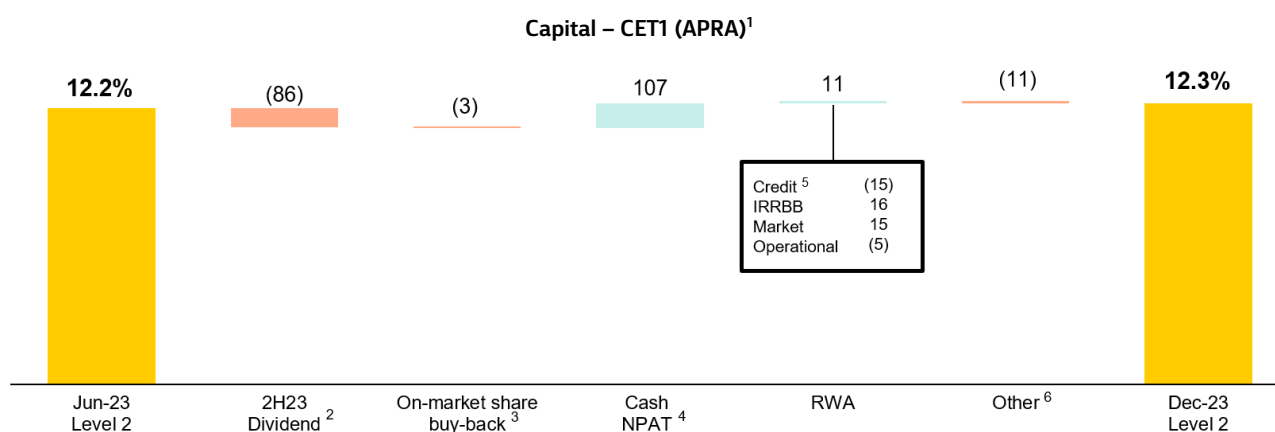
Capital Adequacy

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, the ICAAP, which is an integration of risk, financial and capital management processes.

APRA advises the Group of its Prudential Capital Requirement (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 subordinated debt issuances. 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.



¹ Due to rounding, numbers presented in this section may not sum precisely to the totals provided.

² The 2023 final dividend included the on-market purchase of \$727 million of shares (CET1 impact of -16bpts) in respect of the Dividend Reinvestment Plan.

³ On 9 August 2023, the Group announced its intention to conduct a further on-market share buy-back of up to \$1 billion of CBA ordinary shares, with 1,517,388 ordinary shares bought back at \$101.49 in the half year ended 31 December 2023.

⁴ Excludes equity accounted profits/losses from investments as it is capital neutral with offsetting changes in capital deductions.

⁵ Excludes impact of foreign exchange movements which is included in 'Other'.

⁶ Includes the impact of intangibles, FX impact on Credit RWA, equity accounted profits/losses from associates, movements in reserves and other regulatory adjustments.

Capital Position

The Group's CET1 ratio was 12.3% as at 31 December 2023, compared with 12.2% as at 30 June 2023. The CET1 ratio was well above APRA's regulatory requirement at all times throughout the half year ended 31 December 2023.

Key drivers of the change in CET1 for the 6 months ended 31 December 2023 were:

- Capital generated from earnings;
- Lower total RWA from decreases in IRRBB and Traded Market RWA, partly offset by higher Credit Risk and Operational RWA; partly offset by

- The payment of the 2H23 dividend;
- Completion of \$0.2 billion of the \$1 billion on-market share buy-back; and
- Other regulatory adjustments and movement in reserves.

Further details on the movements in RWA are provided on pages 9-11.

Capital (continued)

Capital Initiatives

In addition to the on-market share buy-back, the following significant capital initiatives were undertaken during the half year ended 31 December 2023:

Common Equity Tier 1 Capital

- The Dividend Reinvestment Plan (DRP) in respect of the 2023 final dividend was satisfied in full by the on-market purchase of shares. The participation rate for the DRP was 18.1%.

Tier 2 Capital

The Group issued the following Basel III compliant subordinated notes:

- AUD85 million in September 2023;
- Two subordinated notes in October 2023, AUD550 million and AUD700 million respectively; and
- AUD300 million in December 2023.

Regulatory Framework

On 1 January 2023, APRA implemented revisions to the capital framework for Authorised Deposit-taking Institutions (ADIs), to increase the risk sensitivity within the capital framework, to enhance the ability of ADIs to respond flexibly to future stress events, and to improve the comparability of the Australian framework with international standards.

Currently, the APRA prudential standards prescribe a minimum CET1 Capital ratio of 10.25% for Internal Ratings-based (IRB) ADIs such as CBA, comprising of a minimum Prudential Capital Requirement (PCR) of 4.5% and a capital conservation buffer (CCB) of 5.75%, which includes a Domestic Systemically Important Bank (D-SIB) buffer of 1% and a baseline countercyclical capital buffer (CCyB) set at 1%¹. The CCyB, which may be varied by APRA in the range of 0%-3.50%, can be released in times of systemic stress and post-stress recovery.

The Group expects to operate with a post-dividend CET1 Capital ratio of greater than 11%, compared to the APRA minimum of 10.25%, except in circumstances of unexpected capital volatility.

The Tier 1 and Total Capital ratio requirements as at 31 December 2023 were 11.75% and 13.75%, respectively.

Under APRA's loss-absorbing capacity requirements, the minimum Total Capital ratio requirement for D-SIBs, including CBA, has increased to 16.75% effective from 1 January 2024. From 1 January 2026, the requirement will increase to 18.25%.

Regulatory Developments

IRRBB Consultation

On 12 December 2023, APRA released an updated draft APS 117 "Capital Adequacy: Interest Rate Risk in the Banking Book", which sets out the requirements that an ADI must meet in managing its Interest Rate Risk in the Banking Book (IRRBB), in response to the November 2022 consultation on proposed changes to the standard. APRA intends to finalise the consultation by mid-2024 ahead of implementation on 1 October 2025.

¹ In December 2023, APRA announced that the CCyB for Australian exposures will remain at 1%. The Group has limited exposures to those offshore jurisdictions which a CCyB in excess of 0% has been imposed.

Traded Market Risk and Counterparty Credit Risk

APRA is expected to commence consultation on revisions to APS 116 "Capital Adequacy: Market Risk", and APS 180 "Capital Adequacy: Counterparty Credit Risk" in 2024 with revisions to both standards expected to be implemented in 2026.

New Zealand bank capital adequacy requirements

The Reserve Bank of New Zealand's revisions to bank capital adequacy requirements are being implemented in stages during a transition period from October 2021 to July 2028. By the end of the transition period, the minimum Tier 1 and Total capital requirements for banks deemed systemically important, including ASB, will increase to 16% and 18% of RWA respectively, of which 13.5% must be in the form of CET1 capital while Tier 2 capital can contribute up to a maximum of 2% of the Total capital requirement.

As at 31 December 2023, the CET1, Tier 1 and Total capital ratio requirements for ASB were 9%, 10.5% and 12.5%, respectively.

Resolution Planning

On 18 May 2023, APRA released its final Prudential Standard CPS 900 "Resolution Planning", which aims to ensure that an APRA-regulated entity can be managed by APRA in an orderly manner where that entity is unable to, or is likely to be unable to, meet its obligations or suspends, or is likely to suspend, payments. In such circumstances, the aim of the resolution is to protect beneficiaries, minimise disruption to the financial system and provide continuity of functions that are critical for the economy. CPS 900 came into effect on 1 January 2024.

Prudential framework for groups

On 24 October 2022, APRA released a letter to all APRA regulated entities indicating that it is reviewing the prudential framework for groups operating in the Australian banking sector to ensure it caters for the increasing array of new groups and it is consistently applied across different structures. APRA is yet to formally consult on any revisions to the relevant standards.

Recovery and Exit Planning

On 1 December 2022, APRA released its final Prudential Standard CPS 190 "Recovery and Exit Planning", aimed at reinforcing the resilience of the financial system. The new standard aims to ensure that APRA regulated entities are better prepared to manage periods of severe financial stress. CPS 190 came into effect on 1 January 2024 for banks.

APRA Discussion Paper: "Enhancing Bank Resilience: Additional Tier 1 Capital in Australia"

On 21 September 2023, APRA released a discussion paper outlining potential options for, and seeking feedback from stakeholders on, the effectiveness of Additional Tier 1 Capital in Australia. APRA intends to follow this process with a formal consultation in 2024 on any proposed amendments to prudential standards.

Targeted changes to ADI liquidity and capital standards

On 15 November 2023, APRA commenced consultation on proposed targeted revisions to ADIs' liquidity and capital requirements with the aim to ensure that ADIs have strong crisis preparedness, prudently value their liquid assets and minimise potential contagion risks. APRA intends to finalise the consultation in the first half of 2024, ahead of implementation from 1 January 2025.

Capital (continued)

Group Regulatory Capital Position

	31 Dec 23 ¹	30 Jun 23 ¹	31 Dec 22 ²
Summary Group Capital Adequacy Ratios (Level 2)	%	%	%
Common Equity Tier 1	12.3	12.2	11.4
Additional Tier 1	2.4	2.3	1.9
Tier 1	14.7	14.5	13.3
Tier 2	5.8	5.5	4.5
Total Capital	20.5	20.0	17.8

1 Prepared in accordance with APRA's revised capital framework effective from 1 January 2023.

2 Prepared in accordance with APRA's capital framework effective up until 31 December 2022.

Group Regulatory Capital Position	31 Dec 23 ¹	30 Jun 23 ^{1 3}	31 Dec 22 ^{2 3}
	\$M	\$M	\$M
Ordinary share capital and treasury shares	33,921	34,075	35,277
Reserves	(1,583)	(2,295)	(1,540)
Retained earnings	40,598	39,965	38,688
Common Equity Tier 1 Capital before regulatory adjustments	72,936	71,745	72,425
Common Equity Tier 1 regulatory adjustments	(15,705)	(14,836)	(14,873)
Common Equity Tier 1 Capital	57,231	56,909	57,552
Additional Tier 1 Capital	10,862	10,862	9,312
Tier 1 Capital	68,093	67,771	66,864
Tier 2 Capital	27,147	26,009	22,889
Total Capital	95,240	93,780	89,753
Risk Weighted Assets	463,644	467,992	504,380

1 Prepared in accordance with APRA's revised capital framework effective from 1 January 2023.

2 Prepared in accordance with APRA's capital framework effective up until 31 December 2022.

3 Comparative information has been revised to reflect the reclassification of the Group's investment in Qilu Bank from an investment in associate to an investment at fair value through other comprehensive income. For further details refer to note 1.1 in CBA Group's financial statements for the half year ended 31 December 2023.

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

Capital (continued)

Group Regulatory Capital Position (continued)

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

Significant Group ADIs	31 Dec 23	30 Jun 23	31 Dec 22
	%	%	%
CBA Level 1 CET1 Capital ratio ¹	12.5	12.5	11.7
CBA Level 1 Tier 1 Capital ratio ¹	15.1	15.0	13.7
CBA Level 1 Total Capital ratio ¹	21.5	21.1	18.6
ASB CET1 Capital ratio ²	14.1	14.3	14.1
ASB Tier 1 Capital ratio ²	14.1	14.3	14.1
ASB Total Capital ratio ²	15.5	15.7	15.5

1 31 December 2023 and 30 June 2023 have been prepared in accordance with APRA's revised capital framework effective from 1 January 2023. 31 December 2022 has been prepared in accordance with previous APRA framework effective up until 31 December 2022.

2 Calculated in accordance with the RBNZ Prudential Requirements.

CBA Level 1	31 Dec 23 ¹	30 Jun 23 ¹	31 Dec 22 ²
	\$M	\$M	\$M
Common Equity Tier 1 Capital	52,731	52,924	54,182
Additional Tier 1 Capital	10,862	10,862	9,312
Tier 1 Capital	63,593	63,786	63,494
Tier 2 Capital	26,798	25,633	22,786
Total Capital	90,391	89,419	86,280
Risk Weighted Assets	420,772	424,650	463,425

1 Prepared in accordance with APRA's revised capital framework effective from 1 January 2023.

2 Prepared in accordance with APRA's capital framework effective up until 31 December 2022.

ASB Banking Group ¹	31 Dec 23	30 Jun 23	31 Dec 22
	NZ\$M	NZ\$M	NZ\$M
Common Equity Tier 1 Capital	9,964	10,109	9,768
Additional Tier 1	–	–	–
Tier 1 Capital	9,964	10,109	9,768
Tier 2 Capital	972	1,034	1,036
Total Capital	10,936	11,143	10,804
Risk Weighted Assets	70,673	70,780	69,491

1 Calculated in accordance with the RBNZ Prudential Requirements.

4

Leverage Ratio

The Group's leverage ratio, defined as Tier 1 Capital as a percentage of total exposures, was 5.0% as at 31 December 2023. The ratio reduced by 10 basis points on the prior half with an increase in exposures and payment of the 2H23 dividend, partly offset by capital generated from earnings.

Under APRA's revised capital framework effective 1 January 2023, the minimum leverage ratio requirement for IRB banks, such as CBA, is 3.5%.

Summary Group Leverage Ratio ³	31 Dec 23 ¹	30 Sep 23 ¹	30 Jun 23 ¹	31 Mar 23 ¹	31 Dec 22 ²
Tier 1 Capital (\$M)	68,093	66,359	67,771	66,005	66,864
Total Exposures (\$M) ⁴	1,362,098	1,347,663	1,334,426	1,351,297	1,318,783
Leverage Ratio (%)	5.0	4.9	5.1	4.9	5.1

1 Prepared in accordance with APRA's revised capital framework effective from 1 January 2023.

2 Prepared in accordance with APRA's capital framework effective up until 31 December 2022.

3 Refer to Appendix 11.2 for further details on the composition of the leverage ratio.

4 Total exposures are 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*.

5 Risk Weighted Assets

RWA are calculated using the AIRB approach for the majority of the Group's credit risk exposures, and using the Foundation or Standardised approach as required under the Australian prudential standards. For CBA's New Zealand Subsidiary, ASB, RWA are calculated using the Reserve Bank of New Zealand's prudential rules subject to certain APRA-prescribed adjustments. The Group must use the External Ratings-based Approach where a securitisation exposure is externally rated by an External Credit Assessment Institution (ECAI) or for which an inferred rating is available. Where the Group cannot use the External Ratings-based Approach, the Group must use the Supervisory Formula Approach.

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

Asset Category	Risk Weighted Assets			Change in RWA for 31 December 23	
	31 Dec 23 ¹	30 Jun 23 ¹	31 Dec 22 ²	\$M	%
Credit risk					
Subject to AIRB approach ³					
Corporate (incl. SME corporate) ⁴	83,483	80,251	105,755	3,232	4
SME retail	10,235	10,189	8,601	46	–
Sovereign	n/a	n/a	2,311	n/a	n/a
Bank	n/a	n/a	3,218	n/a	n/a
Residential mortgage ⁵	143,896	147,716	171,742	(3,820)	(3)
Qualifying revolving retail	5,336	5,584	5,050	(248)	(4)
Other retail	8,746	8,554	9,170	192	2
Total RWA subject to AIRB approach	251,696	252,294	305,847	(598)	–
Subject to FIRB approach ³					
Corporate - large ⁴	26,216	22,466	n/a	3,750	17
Sovereign	2,349	2,173	n/a	176	8
Financial institution	12,633	10,857	n/a	1,776	16
Total RWA subject to FIRB approach	41,198	35,496	n/a	5,702	16
Specialised lending	3,514	3,868	70,865	(354)	(9)
Subject to standardised approach					
Corporate (incl. SME corporate)	779	530	864	249	47
SME retail	642	937	2,112	(295)	(31)
Sovereign	227	261	294	(34)	(13)
Residential mortgage	6,885	7,046	6,680	(161)	(2)
Other retail	519	604	1,152	(85)	(14)
Other assets	8,298	8,303	8,352	(5)	–
Total RWA subject to standardised approach	17,350	17,681	19,454	(331)	(2)
Securitisation	3,247	3,316	3,585	(69)	(2)
Credit valuation adjustment	2,846	2,226	2,119	620	28
Central counterparties	165	101	147	64	63
RBNZ regulated entities	48,719	47,887	n/a	832	2
Total RWA for credit risk exposures	368,735	362,869	402,017	5,866	2
Traded market risk	9,627	15,390	13,773	(5,763)	(37)
Interest rate risk in the banking book	40,307	46,578	47,850	(6,271)	(13)
Operational risk ⁶	44,975	43,155	40,740	1,820	4
Total risk weighted assets	463,644	467,992	504,380	(4,348)	(1)

1 Prepared in accordance with APRA's revised capital framework effective from 1 January 2023.

2 Prepared in accordance with APRA's capital framework effective up until 31 December 2022.

3 Pursuant to APRA requirements, RWA amounts at 31 December 2023 and 30 June 2023 derived from the risk weighted functions of AIRB, FIRB and the advanced portfolio of RBNZ regulated entities have been multiplied by a scaling factor of 1.10 and RWA amounts at 31 December 2022 derived from AIRB risk weight functions have been multiplied by a scaling factor of 1.06.

4 Includes Corporate PD model overlays of \$4.2 billion at 31 December 2023 (June 2023: \$3.5 billion).

5 As a condition of APRA's approval of the Residential Mortgage LGD model, a \$7.4 billion RWA overlay has been applied at 31 December 2023 and 30 June 2023 for regulatory capital purposes.

6 Operational risk RWA as at 31 December 2023 and 30 June 2023 were determined under the standardised measurement approach in accordance with APS 115 effective from 1 January 2023. Prior to 1 January 2023 operational risk RWA were determined in accordance with the advanced measurement approach.

Risk Weighted Assets (continued)

Table 6i – Capital Floor

	31 Dec 23 ¹	30 Jun 23 ¹
	\$M	\$M
Risk weighted assets under the standardised approach		
Credit risk ²	550,995	535,933
Traded market risk	9,627	15,390
Operational risk	44,975	43,155
Interest rate risk in the banking book	n/a	n/a
Total	605,597	594,478
Risk weighted assets prior to application of floor		
Credit risk	368,735	362,869
Traded market risk	9,627	15,390
Operational risk	44,975	43,155
Interest rate risk in the banking book	40,307	46,578
Total	463,644	467,992
Capital Floor at 72.5%	439,058	430,997
Capital floor adjustment	–	–

1 Prepared in accordance with APRA's revised capital framework effective from 1 January 2023.

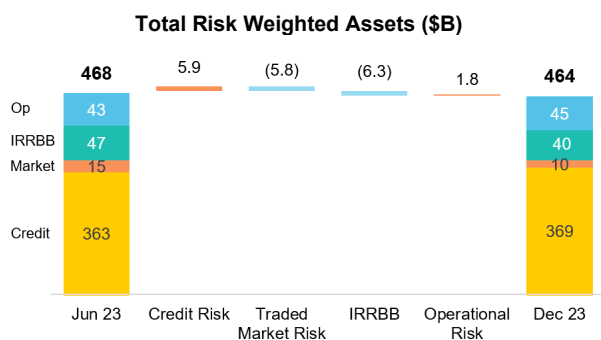
2 RWA for residential mortgages (excluding RBNZ regulated subsidiaries) measured under the retail IRB approach is \$219 billion (30 June 2023: \$220 billion) when calculated under the standardised approach.

Risk Weighted Assets (continued)

Risk Weighted Assets ¹

Total Group RWA

Total RWA decreased \$4.4 billion or 1.0% on the prior half to \$463.6 billion, driven by a decrease in Interest Rate Risk in the Banking Book RWA and Traded Market Risk RWA; partly offset by higher Credit Risk and Operational Risk RWA.



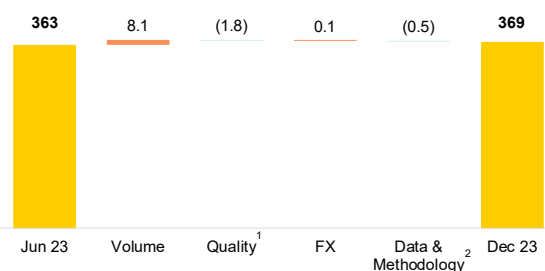
Credit Risk RWA

Credit Risk RWA increased \$5.9 billion or 2% on the prior half to \$368.7 billion. Key drivers include:

- Volume growth (increase of \$8.1 billion) across commercial portfolios, financial institutions, unsecured retail portfolios, standardised exposures and derivatives; partly offset by lower domestic residential mortgages; and
- Foreign currency movements (increase of \$0.1 billion); partly offset by
- Credit quality (decrease of \$1.8 billion), primarily driven by improvements in domestic mortgages, unsecured retail portfolios, commercial portfolios and financial institutions; partly offset by sovereign and New Zealand portfolios; and
- Data and methodology (decrease of \$0.5 billion), primarily relating to residential mortgages.

¹ Due to rounding, numbers presented in this section may not sum precisely to the totals provided.

Credit Risk Weighted Assets (\$B)



¹ Credit quality includes portfolio mix.

² Includes data and methodology, credit risk estimates changes and regulatory treatments.

Traded Market Risk RWA

Traded market risk RWA decreased by \$5.8 billion or 37% on the prior half year to \$9.6 billion, driven by the APRA accredited implementation of a new market risk engine in July 2023.

Interest Rate Risk in the Banking Book (IRRBB) RWA

IRRBB RWA decreased \$6.3 billion or 13% on the prior half to \$40.3 billion. This was primarily driven by lower embedded losses due to lower swap rates.

Operational Risk RWA

As required by APS 115, operational risk RWA as at December 2023 have been determined based on the annual average value of the relevant components of the Group's net income over the years ended 30 June 2023, 2022 and 2021. Operational risk RWA as at June 2023 were determined based on the annual average value of the relevant components of the Group's net income over the financial years ended 30 June 2022, 2021 and 2020. The increase in operational risk RWA by \$1.8 billion or 4.2% on the prior half to \$45.0 billion was primarily driven by higher average net interest income over the years ended 30 June 2023, 2022 and 2021 as a result of rising interest rates and lending growth.

6

Credit Risk

6.1 Credit Risk Exposure – excluding Equities and Securitisation

The following tables detail credit risk exposures subject to AIRB, FIRB and standardised approaches.

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

Portfolio Type	31 December 2023 ¹				Average exposure for December 2023 half ²	Change in exposure for December 2023 half ³	
	Off Balance Sheet			Total			
	On Balance Sheet	Non-market related	Market related				
	\$M	\$M	\$M	\$M	\$M	\$M	%
Subject to AIRB approach							
Corporate (incl. SME corporate)	138,385	17,308	1,630	157,323	156,145	2,357	1.5
SME retail	12,937	6,282	13	19,232	19,019	426	2.3
Residential mortgage	562,209	72,864	–	635,073	635,415	(684)	(0.1)
Qualifying revolving retail	8,362	15,009	–	23,371	23,451	(160)	(0.7)
Other retail	6,645	1,287	–	7,932	7,774	316	4.1
Total AIRB approach	728,538	112,750	1,643	842,931	841,804	2,255	0.3
Subject to FIRB approach							
Corporate - large	29,694	14,039	5,086	48,819	45,084	7,470	18.1
Sovereign	156,260	613	16,806	173,679	185,693	(24,028)	(12.2)
Financial institution	36,598	7,566	12,738	56,902	49,767	14,270	33.5
Total FIRB approach	222,552	22,218	34,630	279,400	280,544	(2,288)	(0.8)
Specialised lending	3,287	993	118	4,398	4,520	(243)	(5.2)
Subject to standardised approach							
Corporate (incl. SME corporate)	546	282	4	832	695	273	48.8
SME retail	520	319	16	855	1,052	(393)	(31.5)
Sovereign	459	1	–	460	490	(60)	(11.5)
Residential mortgage	15,318	1,564	–	16,882	16,748	268	1.6
Other retail	403	115	–	518	561	(86)	(14.2)
Other assets ⁴	14,348	1,014	257	15,619	14,493	2,252	16.8
Central counterparties	–	–	2,862	2,862	2,739	246	9.4
Total standardised approach	31,594	3,295	3,139	38,028	36,778	2,500	7.0
RBNZ regulated entities	116,070	13,148	2,563	131,781	131,373	815	0.6
Total credit exposures ⁵	1,102,041	152,404	42,093	1,296,538	1,295,019	3,039	0.2

¹ Prepared in accordance with APRA's revised capital framework effective from 1 January 2023.

² The simple average of balances as at 30 June 2023 and 31 December 2023.

³ The difference between exposures as at 30 June 2023 and 31 December 2023.

⁴ Includes immaterial contributions from other standardised asset classes, including Domestic public sector entities, Commercial property, Land acquisition, development and construction, and Bank.

⁵ Total credit risk exposures (calculated as EAD) do not include equities or securitisation exposures. Off Balance Sheet market related exposures include \$15.8 billion of exposures in relation to Securities Financing Transactions (SFTs).

Credit Risk (continued)

6.1 Credit Risk Exposure – excluding Equities and Securitisation (continued)

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

Portfolio Type ¹	30 June 2023			Total \$M
	On Balance Sheet \$M	Off Balance Sheet Non- market related \$M	Market related \$M	
Subject to AIRB approach				
Corporate (incl. SME corporate)	136,568	17,366	1,032	154,966
SME retail	12,911	5,891	4	18,806
Residential mortgage	563,683	72,074	–	635,757
Qualifying revolving retail	8,116	15,415	–	23,531
Other retail	6,180	1,436	–	7,616
Total AIRB approach	727,458	112,182	1,036	840,676
Subject to FIRB approach				
Corporate - large	23,869	13,313	4,167	41,349
Sovereign	174,913	562	22,232	197,707
Financial institution	22,244	7,294	13,094	42,632
Total FIRB approach	221,026	21,169	39,493	281,688
Specialised lending	3,514	1,023	104	4,641
Subject to standardised approach				
Corporate (incl. SME corporate)	332	224	3	559
SME retail	859	375	14	1,248
Sovereign	519	1	–	520
Residential mortgage	14,925	1,689	–	16,614
Other retail	504	100	–	604
Other assets ²	12,167	1,200	–	13,367
Central counterparties	–	–	2,616	2,616
Total standardised approach	29,306	3,589	2,633	35,528
RBNZ regulated entities	115,373	12,880	2,713	130,966
Total credit exposures ³	1,096,677	150,843	45,979	1,293,499

1 Prepared in accordance with APRA's revised capital framework effective from 1 January 2023.

2 Includes immaterial contributions from other standardised asset classes, including Domestic public sector entities, Commercial property, Land acquisition, development and construction, and Bank.

3 Total credit risk exposures (calculated as EAD) do not include equities or securitisation exposures. Off Balance Sheet market related exposures include \$20.7 billion of exposures in relation to Securities Financing Transactions (SFTs).

Credit Risk (continued)

6.1 Credit Risk Exposure – excluding Equities and Securitisation (continued)

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

Portfolio Type ¹	31 December 2022				Average exposure for December 2022 half ²	Change in exposure for December 2022 half ³	
	Off Balance Sheet			Total		\$M	%
	On Balance Sheet	Non-market related	Market related				
	\$M	\$M	\$M	\$M	\$M		
Subject to AIRB approach							
Corporate (incl. SME corporate)	136,260	61,361	9,396	207,017	201,637	10,759	5.5
SME retail	10,621	5,094	5	15,720	15,693	55	0.4
Sovereign	213,190	1,263	6,075	220,528	218,589	3,876	1.8
Bank	11,848	672	5,623	18,143	19,263	(2,240)	(11.0)
Residential mortgage	621,664	82,255	–	703,919	694,920	17,997	2.6
Qualifying revolving retail	8,186	15,246	–	23,432	23,413	39	0.2
Other retail	6,602	2,523	–	9,125	8,968	313	3.6
Total AIRB approach	1,008,371	168,414	21,099	1,197,884	1,182,483	30,799	2.6
Specialised lending	66,922	12,053	365	79,340	78,138	2,403	3.1
Subject to standardised approach							
Corporate (incl. SME corporate)	573	279	11	863	972	(217)	(20.1)
SME retail	1,554	535	15	2,104	2,134	(59)	(2.7)
Sovereign	588	–	–	588	615	(53)	(8.3)
Bank	187	7	–	194	209	(29)	(13.0)
Residential mortgage	14,147	2,142	–	16,289	15,795	987	6.5
Other retail	948	195	–	1,143	1,106	75	7.0
Other assets	12,042	–	–	12,042	13,753	(3,421)	(22.1)
Central counterparties	–	–	3,685	3,685	7,324	(7,278)	(66.4)
Total standardised approach	30,039	3,158	3,711	36,908	41,908	(9,995)	(21.3)
Total credit exposures ⁴	1,105,332	183,625	25,175	1,314,132	1,302,529	23,207	1.8

1 Prepared in accordance with APRA's capital framework effective up until 31 December 2022.

2 The simple average of balances as at 30 June 2022 and 31 December 2022.

3 The difference between exposures as at 30 June 2022 and 31 December 2022.

4 Total credit risk exposures (calculated as EAD) do not include equities or securitisation exposures.

Credit Risk (continued)

6.1 Credit Risk Exposure – excluding Equities and Securitisation (continued)

Table 7b – Credit risk exposure by portfolio type

Portfolio Type	As at 31 Dec 23 ¹ \$M	Half year average \$M
Corporate (incl. Large and SME corporate)	206,974	201,924
Sovereign	174,139	186,183
Financial institution	56,902	49,767
SME retail	20,087	20,071
Residential mortgage	651,955	652,163
Qualifying revolving retail	23,371	23,451
Other retail	8,450	8,335
Specialised lending	4,398	4,520
Other assets	15,619	14,493
Central counterparties	2,862	2,739
RBNZ regulated entities	131,781	131,373
Total credit exposures ²	1,296,538	1,295,019

1 Prepared in accordance with APRA's revised capital framework effective from 1 January 2023.

2 Total credit risk exposures do not include equities or securitisation exposures.

Portfolio Type	As at 30 Jun 23 ¹ \$M
Corporate (incl. Large and SME corporate)	196,874
Sovereign	198,227
Financial institution	42,632
SME retail	20,054
Residential mortgage	652,371
Qualifying revolving retail	23,531
Other retail	8,220
Specialised lending	4,641
Other assets	13,367
Central counterparties	2,616
RBNZ regulated entities	130,966
Total credit exposures ²	1,293,499

1 Prepared in accordance with APRA's revised capital framework effective from 1 January 2023.

2 Total credit risk exposures do not include equities or securitisation exposures.

Credit Risk (continued)

6.1 Credit Risk Exposure – excluding Equities and Securitisation (continued)

Table 7b – Credit risk exposure by portfolio type (continued)

Portfolio Type	As at	Half year
	31 Dec 22 ¹	average ¹
	\$M	\$M
Corporate (incl. SME corporate)	207,880	202,609
SME retail	17,824	17,827
Sovereign	221,116	219,204
Bank	18,337	19,472
Residential mortgage	720,208	710,715
Qualifying revolving retail	23,432	23,413
Other retail	10,268	10,074
Specialised lending	79,340	78,138
Other assets	12,042	13,753
Central counterparties	3,685	7,324
Total credit exposures ²	1,314,132	1,302,529

1 Prepared in accordance with APRA's capital framework effective up until 31 December 2022.

2 Total credit risk exposures do not include equities or securitisation exposures.

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

Portfolio Type	31 December 2023 ¹			
	Australia	New Zealand	Other	Total
	\$M	\$M	\$M	\$M
Corporate (incl. Large and SME corporate)	191,446	2,685	12,843	206,974
Sovereign	136,985	116	37,038	174,139
Financial institution	36,046	–	20,856	56,902
SME retail ²	20,064	–	23	20,087
Residential mortgage	651,566	–	389	651,955
Qualifying revolving retail	23,371	–	–	23,371
Other retail	8,132	–	318	8,450
Specialised lending	2,282	–	2,116	4,398
Other assets	14,881	15	723	15,619
Central counterparties	359	–	2,503	2,862
RBNZ regulated entities	–	131,781	–	131,781
Total credit exposures ^{3 4}	1,085,132	134,597	76,809	1,296,538

1 Prepared in accordance with APRA's revised framework effective from 1 January 2023.

2 Including SME retail secured by residential property.

3 Total credit risk exposures do not include equities or securitisation exposures.

4 Geographical segmentation of exposures is based on the location of the office in which these items were booked.

Credit Risk (continued)

6.1 Credit Risk Exposure – excluding Equities and Securitisation (continued)

Table 7c – Credit risk exposure by portfolio type and geographic distribution (continued)

Portfolio Type	30 June 2023 ¹			Total \$M
	Australia \$M	New Zealand \$M	Other \$M	
Corporate (incl. Large and SME corporate)	182,612	2,402	11,860	196,874
Sovereign	167,134	132	30,961	198,227
Financial institution	22,010	–	20,622	42,632
SME retail ²	20,035	–	19	20,054
Residential mortgage	651,952	–	419	652,371
Qualifying revolving retail	23,531	–	–	23,531
Other retail	7,787	–	433	8,220
Specialised lending	2,603	–	2,038	4,641
Other assets	12,193	14	1,160	13,367
Central counterparties	478	–	2,138	2,616
RBNZ regulated entities	548	129,817	601	130,966
Total credit exposures ^{3 4}	1,090,883	132,365	70,251	1,293,499

1 Prepared in accordance with APRA's revised capital framework effective from 1 January 2023.

2 Including SME retail secured by residential property.

3 Total credit risk exposures do not include equities or securitisation exposures.

4 Geographical segmentation of exposures is based on the location of the office in which these items were booked.

Portfolio Type	31 December 2022 ¹			Total \$M
	Australia \$M	New Zealand \$M	Other \$M	
Corporate (incl. SME corporate)	148,080	29,664	30,136	207,880
SME retail ²	16,186	1,535	103	17,824
Sovereign	162,990	12,643	45,483	221,116
Bank	5,698	1,479	11,160	18,337
Residential mortgage	641,475	77,880	853	720,208
Qualifying revolving retail	23,431	–	1	23,432
Other retail	7,372	2,462	434	10,268
Specialised lending	65,907	10,812	2,621	79,340
Other assets	10,145	870	1,027	12,042
Central counterparties	301	–	3,384	3,685
Total credit exposures ^{3 4}	1,081,585	137,345	95,202	1,314,132

1 Prepared in accordance with APRA's capital framework effective up until 31 December 2022.

2 Including SME retail secured by residential property.

3 Total credit risk exposures do not include equities or securitisation exposures.

4 Geographical segmentation of exposures is based on the location of the office in which these items were booked.

Credit Risk (continued)

6.1 Credit Risk Exposure – excluding Equities and Securitisation (continued)

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

Portfolio Type	31 December 2023 ¹							
	Industry Sector							
	Consumer \$M	Finance & Insurance \$M	Business Services \$M	Agriculture & Forestry \$M	Construction \$M	Mining, Oil & Gas \$M	Wholesale & Retail Trade \$M	Transport & Storage \$M
Corporate (incl. Large and SME corporate)	–	1,922	9,527	16,665	6,212	4,232	20,730	18,449
Sovereign	–	–	–	–	–	–	–	–
Financial institution	–	56,902	–	–	–	–	–	–
SME retail ²	–	362	1,933	1,525	2,717	127	2,798	1,215
Residential mortgage	651,955	–	–	–	–	–	–	–
Qualifying revolving retail	23,371	–	–	–	–	–	–	–
Other retail	8,450	–	–	–	–	–	–	–
Specialised lending	–	–	–	–	–	277	340	822
Other assets ⁵	2,768	488	18	27	23	48	66	622
Central counterparties	–	2,862	–	–	–	–	–	–
RBNZ regulated entities	78,718	3,699	1,877	10,778	1,167	11	3,709	930
Total credit exposures ³	765,262	66,235	13,355	28,995	10,119	4,695	27,643	22,038

Portfolio Type	Industry Sector (continued)							
	Manufacturing \$M	Commercial Property ⁴ \$M	Government Admin. & Defence \$M	Health & Community Services \$M	Entertainment Leisure & Tourism \$M	Electricity Gas & Water \$M	Other \$M	Total \$M
	Corporate (incl. Large and SME corporate)	14,304	74,303	–	9,850	13,214	8,500	9,066
Sovereign	–	–	174,139	–	–	–	–	174,139
Financial institution	–	–	–	–	–	–	–	56,902
SME retail ²	1,058	1,819	–	1,051	1,221	43	4,218	20,087
Residential mortgage	–	–	–	–	–	–	–	651,955
Qualifying revolving retail	–	–	–	–	–	–	–	23,371
Other retail	–	–	–	–	–	–	–	8,450
Specialised lending	163	–	–	–	48	2,596	152	4,398
Other assets ⁵	61	31	–	10	16	2	11,439	15,619
Central counterparties	–	–	–	–	–	–	–	2,862
RBNZ regulated entities	1,531	10,334	13,381	1,946	856	636	2,208	131,781
Total credit exposures ³	17,117	86,487	187,520	12,857	15,355	11,777	27,083	1,296,538

¹ Prepared in accordance with APRA's revised capital framework effective from 1 January 2023.

² SME retail business lending secured by residential property has been allocated by industry.

³ Total credit risk exposures do not include equities or securitisation exposures.

⁴ Commercial Property includes Real Estate Investment Trusts (REIT) and excludes Business Services.

⁵ Includes immaterial contributions from other standardised asset classes, including Domestic public sector entities, Commercial property, Land acquisition, development and construction, and Bank.

Credit Risk (continued)

6.1 Credit Risk Exposure – excluding Equities and Securitisation (continued)

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

Portfolio Type	30 June 2023 ¹							
	Industry Sector							
	Consumer	Finance & Insurance	Business Services	Agriculture & Forestry	Construction	Mining, Oil & Gas	Wholesale & Retail Trade	Transport & Storage
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Corporate (incl. Large and SME corporate)	–	1,256	8,755	15,831	5,879	4,909	19,460	17,256
Sovereign	–	–	–	–	–	–	–	–
Financial institution	–	42,632	–	–	–	–	–	–
SME retail ²	–	361	1,897	1,585	2,627	129	2,785	1,167
Residential mortgage	652,371	–	–	–	–	–	–	–
Qualifying revolving retail	23,531	–	–	–	–	–	–	–
Other retail	8,220	–	–	–	–	–	–	–
Specialised lending	–	–	–	–	–	173	250	1,061
Other assets ⁵	2,861	457	2	–	8	1	34	3
Central counterparties	–	2,616	–	–	–	–	–	–
RBNZ regulated entities	78,449	3,184	1,788	10,830	1,152	8	3,565	930
Total credit exposures ³	765,432	50,506	12,442	28,246	9,666	5,220	26,094	20,417

Portfolio Type	Industry Sector (continued)							
	Manufacturing	Commercial Property ⁴	Government Admin. & Defence	Health & Community Services	Entertainment Leisure & Tourism	Electricity Gas & Water	Other	Total
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Corporate (incl. Large and SME corporate)	12,570	73,065	–	9,580	12,430	6,938	8,945	196,874
Sovereign	–	–	198,227	–	–	–	–	198,227
Financial institution	–	–	–	–	–	–	–	42,632
SME retail ²	1,049	1,988	–	1,035	1,200	43	4,188	20,054
Residential mortgage	–	–	–	–	–	–	–	652,371
Qualifying revolving retail	–	–	–	–	–	–	–	23,531
Other retail	–	–	–	–	–	–	–	8,220
Specialised lending	346	–	–	–	160	2,516	135	4,641
Other assets ⁵	45	–	–	–	–	–	9,956	13,367
Central counterparties	–	–	–	–	–	–	–	2,616
RBNZ regulated entities	1,646	10,109	13,672	1,780	837	669	2,347	130,966
Total credit exposures ³	15,656	85,162	211,899	12,395	14,627	10,166	25,571	1,293,499

¹ Prepared in accordance with APRA's revised capital framework effective from 1 January 2023.

² SME retail business lending secured by residential property has been allocated by industry.

³ Total credit risk exposures do not include equities or securitisation exposures.

⁴ Commercial Property includes Real Estate Investment Trusts (REIT) and excludes Business Services.

⁵ Includes immaterial contributions from other standardised asset classes, including Domestic public sector entities, Commercial property, Land acquisition, development and construction, and Bank.

Credit Risk (continued)

6.1 Credit Risk Exposure – excluding Equities and Securitisation (continued)

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

Portfolio Type	31 December 2022 ¹							
	Industry Sector							
	Consumer	Finance & Insurance	Business Services	Agriculture & Forestry	Construction	Mining, Oil & Gas	Wholesale & Retail Trade	Transport & Storage
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Corporate (incl. SME corporate)	–	33,248	11,852	26,509	8,171	6,489	25,333	21,489
SME retail ²	–	387	1,707	1,637	2,419	108	2,431	1,034
Sovereign	–	–	–	–	–	–	–	–
Bank	–	18,337	–	–	–	–	–	–
Residential mortgage	720,208	–	–	–	–	–	–	–
Qualifying revolving retail	23,432	–	–	–	–	–	–	–
Other retail	10,268	–	–	–	–	–	–	–
Specialised lending	–	–	–	11	7	475	258	1,313
Other assets ⁵	2,165	–	–	–	–	–	–	–
Central counterparties	–	3,685	–	–	–	–	–	–
Total credit exposures ³	756,073	55,657	13,559	28,157	10,597	7,072	28,022	23,836

Portfolio Type	Industry Sector (continued)							Total
	Manufacturing	Commercial Property ⁴	Government Admin. & Defence	Health & Community Services	Entertainment Leisure & Tourism	Electricity Gas & Water	Other	
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	
Corporate (incl. SME corporate)	17,198	12,597	–	12,096	13,011	7,631	12,256	207,880
SME retail ²	935	1,462	–	806	1,005	46	3,847	17,824
Sovereign	–	–	221,116	–	–	–	–	221,116
Bank	–	–	–	–	–	–	–	18,337
Residential mortgage	–	–	–	–	–	–	–	720,208
Qualifying revolving retail	–	–	–	–	–	–	–	23,432
Other retail	–	–	–	–	–	–	–	10,268
Specialised lending	45	73,215	–	168	315	3,526	7	79,340
Other assets ⁵	–	–	–	–	–	–	9,877	12,042
Central counterparties	–	–	–	–	–	–	–	3,685
Total credit exposures ³	18,178	87,274	221,116	13,070	14,331	11,203	25,987	1,314,132

1 Prepared in accordance with APRA's capital framework effective up until 31 December 2022.

2 SME retail business lending secured by residential property has been allocated by industry.

3 Total credit risk exposures do not include equities or securitisation exposures.

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

5 Includes immaterial contributions from other standardised asset classes, including Domestic public sector entities, Commercial property, Land acquisition, development and construction, and Bank.

Credit Risk (continued)

6.1 Credit Risk Exposure – excluding Equities and Securitisation (continued)

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

31 December 2023 ¹					
Portfolio Type	≤ 12mths \$M	1 ≤ 5yrs \$M	> 5 years \$M	No specified maturity \$M	Total \$M
Corporate (incl. Large and SME corporate)	62,009	134,150	10,815	–	206,974
Sovereign	96,123	29,777	48,239	–	174,139
Financial institution	41,911	14,822	169	–	56,902
SME retail ²	6,859	8,186	5,042	–	20,087
Residential mortgage	20,079	62,414	552,288	17,174	651,955
Qualifying revolving retail	–	–	–	23,371	23,371
Other retail	282	4,104	2,728	1,336	8,450
Specialised lending	928	2,831	639	–	4,398
Other assets	3,100	638	196	11,685	15,619
Central counterparties	1,157	684	1,021	–	2,862
RBNZ regulated entities	41,264	14,349	76,168	–	131,781
Total credit exposures ³	273,712	271,955	697,305	53,566	1,296,538

1 Prepared in accordance with APRA's revised capital framework effective from 1 January 2023.

2 Including SME retail secured by residential property.

3 Total credit risk exposures do not include equities or securitisation exposures.

30 June 2023 ¹					
Portfolio Type	≤ 12mths \$M	1 ≤ 5yrs \$M	> 5 years \$M	No specified maturity \$M	Total \$M
Corporate (incl. Large and SME corporate)	54,364	131,527	10,983	–	196,874
Sovereign	124,250	29,876	44,101	–	198,227
Financial institution	27,569	13,970	1,093	–	42,632
SME retail ²	6,755	8,189	5,110	–	20,054
Residential mortgage	20,052	62,323	551,950	18,046	652,371
Qualifying revolving retail	–	–	–	23,531	23,531
Other retail	270	3,819	2,596	1,535	8,220
Specialised lending	1,172	2,493	976	–	4,641
Other assets	3,284	543	289	9,251	13,367
Central counterparties	784	663	1,169	–	2,616
RBNZ regulated entities	42,647	13,719	74,600	–	130,966
Total credit exposures ³	281,147	267,122	692,867	52,363	1,293,499

1 Prepared in accordance with APRA's revised capital framework effective from 1 January 2023.

2 Including SME retail secured by residential property.

3 Total credit risk exposures do not include equities or securitisation exposures.

31 December 2022 ¹					
Portfolio Type	≤ 12mths \$M	1 ≤ 5yrs \$M	> 5 years \$M	No specified maturity \$M	Total \$M
Corporate (incl. SME corporate)	75,630	119,226	13,024	–	207,880
SME retail ²	6,289	6,387	5,148	–	17,824
Sovereign	152,858	29,825	38,433	–	221,116
Bank	12,445	5,114	778	–	18,337
Residential mortgage	29,791	84,071	578,331	28,015	720,208
Qualifying revolving retail	–	–	–	23,432	23,432
Other retail	284	4,263	2,417	3,304	10,268
Specialised lending	23,782	52,733	2,825	–	79,340
Other assets	2,267	351	261	9,163	12,042
Central counterparties	2,328	1,147	210	–	3,685
Total credit exposures ³	305,674	303,117	641,427	63,914	1,314,132

1 Prepared in accordance with APRA's capital framework effective up until 31 December 2022.

2 Including SME retail secured by residential property.

3 Total credit risk exposures do not include equities or securitisation exposures.

Credit Risk (continued)

6.2 Non-performing Exposures and Provisions

The Group assesses its provisioning for impairment in accordance with AASB 9 Financial Instruments (AASB 9) and APS220 Credit Risk Management, and recognises both individually and collectively assessed provisions.

Reconciliation of Australian Accounting Standards and APS 220 *Credit Risk Management* based credit provisions and Table 7j – Provisions held against performing exposures

	31 December 2023		
	General provision \$M	Specific provision ¹ \$M	Total provisions \$M
Collective provision ²	4,681	649	5,330
Individual provisions ²	–	733	733
Total regulatory provisions	4,681	1,382	6,063

1 Specific provision balance includes accounting collective provisions on non-performing exposures.

2 Provisions according to Australian Accounting Standards.

	30 June 2023		
	General provision \$M	Specific provision ¹ \$M	Total provisions \$M
Collective provision ²	4,598	598	5,196
Individual provisions ²	–	754	754
Total regulatory provisions	4,598	1,352	5,950

1 Specific provision balance includes accounting collective provisions on non-performing exposures.

2 Provisions according to Australian Accounting Standards.

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

	31 December 2022 ¹		
	General reserve for credit losses \$M	Specific provision ² \$M	Total provisions \$M
Collective provision ³	4,356	544	4,900
Individual provisions ³	–	641	641
Total regulatory provisions	4,356	1,185	5,541

1 Disclosures have not been restated and are reported as per APS 330 that was effective up until 31 December 2022.

2 Specific provision balance includes certain accounting collective provisions on some defaulted loans.

3 Provisions according to Australian Accounting Standards.

Credit Risk (continued)

6.2 Non-performing Exposures and Provisions (continued)

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

Table 7f (i) – Non-performing, specific provisions and write-offs charged by industry sector

31 December 2023 ¹				
Industry Sector	Non performing exposures ²	Specific provision balance ³	Net half year charges for specific provisions	Half year actual losses ⁴
	\$M	\$M	\$M	\$M
Consumer	5,562	574	217	178
Government Administration & Defence	–	–	–	–
Finance & Insurance	54	21	8	7
Business Services	123	35	(5)	2
Agriculture & Forestry	299	36	5	9
Mining, Oil & Gas	31	12	(1)	–
Manufacturing	180	82	11	22
Electricity, Gas & Water	–	–	–	–
Construction	269	116	(15)	11
Wholesale & Retail Trade	412	189	34	47
Transport & Storage	184	34	9	2
Commercial Property	377	41	17	1
Entertainment, Leisure & Tourism	203	100	21	2
Health & Community Services	243	66	12	1
Other	167	76	29	42
Total	8,104	1,382	342	324

1 Reflective of APS 220 Credit Risk Management definitions in place from 1 January 2022 and reported as per APS 330 effective from 1 January 2023.

2 Non-performing exposures of \$8,104 million as at 31 December 2023 include exposures previously defined as impaired as well as defaulted exposures that are not considered impaired.

3 Specific provision balance includes accounting collective provisions on non-performing loans.

4 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 2023.

30 June 2023 ¹				
Industry Sector	Non performing exposures ²	Specific provision balance ³	Net half year charges for specific provisions ⁴	Half year actual losses ⁵
	\$M	\$M	\$M	\$M
Consumer	5,218	538	29	160
Government Administration & Defence	–	–	–	–
Finance & Insurance	68	20	17	5
Business Services	140	40	(5)	4
Agriculture & Forestry	264	39	(2)	4
Mining, Oil & Gas	35	12	3	7
Manufacturing	197	91	11	6
Electricity, Gas & Water	–	–	–	–
Construction	266	130	58	7
Wholesale & Retail Trade	424	196	47	6
Transport & Storage	213	29	(11)	3
Commercial Property	201	27	(2)	1
Entertainment, Leisure & Tourism	239	78	8	4
Health & Community Services	239	66	19	–
Other	204	86	20	5
Total	7,708	1,352	192	212

1 Reflective of APS 220 Credit Risk Management definitions in place from 1 January 2022 and reported as per APS 330 effective from 1 January 2023.

2 Non-performing exposures of \$7,708 million as at 30 June 2023 include exposures previously defined as impaired as well as defaulted exposures that are not considered impaired.

3 Specific provision balance includes accounting collective provisions on non-performing loans.

4 Comparative Information has been restated to conform to presentation in current period.

5 Actual losses equal write-offs from individual provisions and write-offs direct from collective provisions less recoveries of amounts previously written off for the year ended 30 June 2023.

Credit Risk (continued)

6.2 Non-performing Exposures and Provisions (continued)

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

31 December 2022 ¹					
Industry Sector	Impaired assets	Past due loans ≥90 days ²	Specific provision balance ³	Net half year charges for individual provisions	Half year actual losses ⁴
	\$M	\$M	\$M	\$M	\$M
Consumer	1,871	2,254	652	6	106
Government Administration & Defence	–	–	–	–	–
Finance & Insurance	25	3	6	–	5
Business Services	100	30	45	(8)	–
Agriculture & Forestry	110	90	27	(3)	13
Mining, Oil & Gas	20	2	18	19	40
Manufacturing	173	13	72	71	164
Electricity, Gas & Water	–	1	–	–	–
Construction	109	27	37	12	11
Wholesale & Retail Trade	242	47	118	10	3
Transport & Storage	89	82	34	(1)	6
Commercial Property	28	94	15	4	6
Entertainment, Leisure & Tourism	97	32	64	2	1
Health & Community Services	56	25	29	30	1
Other	116	69	68	12	8
Total	3,036	2,769	1,185	154	364

¹ Disclosures have not been restated and are reported as per APS 330 that was effective up until 31 December 2022.

² Represents loans ≥ 90 days past due but not impaired.

³ Specific provision balance includes certain Australian Accounting Standards collective provisions on some defaulted loans.

⁴ 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 2022.

Factors impacting the loss experience

The overall quality of the portfolio deteriorated slightly during the financial half year ended 31 December 2023. Non-performing exposures increased by 5.1% over the half from \$7.7bn to \$8.1bn. The Group's actual losses increased by \$112 million on a prior half year to \$324 million primarily driven by higher write-offs in the manufacturing, non-retail and unsecured consumer portfolios; partially offset by lower write-offs in other non-retail sectors.

Credit Risk (continued)

6.2 Non-performing Exposures and Provisions (continued)

Table 7f (ii) – Non-performing, specific provisions and write-offs charged by portfolio

Portfolio ⁶	31 December 2023 ¹			
	Non performing exposures ²	Specific provision balance ³	Net half year charges for specific provisions ⁴	Half year actual losses ⁵
	\$M	\$M	\$M	\$M
Corporate (Inc. Large and SME Corp.)	1,780	454	50	109
Sovereign	–	–	–	–
Financial Institution	1	1	–	–
SME Retail	227	85	61	29
Residential Mortgage	4,290	353	40	4
Qualifying Revolving Retail	69	54	70	63
Other Retail	84	58	87	95
Specialised Lending	131	136	7	8
Other Assets	49	45	–	–
Central Counterparties	–	–	–	–
RBNZ Regulated Entities	1,473	196	27	16
Total	8,104	1,382	342	324

1 Reflective of APS 220 *Credit Risk Management* definitions in place from 1 January 2022 and reported as per APS 330 effective from 1 January 2023.

2 Non-performing exposures of \$8,104 million as at 31 December 2023 include exposures previously defined as impaired as well as defaulted exposures that are not considered impaired.

3 Specific provision balance includes accounting collective provisions on non-performing loans.

4 Includes charges for accounting collective provisions on non-performing exposures for the half year ended 31 December 2023.

5 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 2023.

6 Losses stemming from IPRE lending are less than 0.3 per cent of outstanding IPRE exposures in each of the past three years to December 2023 reporting period.

Portfolio ⁶	30 June 2023 ¹			
	Non performing exposures ²	Specific provision balance ³	Net half year charges for specific provisions ⁴	Half year actual losses ⁵
	\$M	\$M	\$M	\$M
Corporate (Inc. Large and SME Corp.)	1,718	501	131	28
Sovereign	–	–	–	–
Financial Institution	2	1	–	–
SME Retail	228	56	32	20
Residential Mortgage	3,920	313	(148)	13
Qualifying Revolving Retail	61	46	50	53
Other Retail	89	68	96	83
Specialised Lending	144	131	1	–
Other Assets	86	48	(18)	–
Central Counterparties	–	–	–	–
RBNZ Regulated Entities	1,460	188	48	15
Total	7,708	1,352	192	212

1 Reflective of APS 220 *Credit Risk Management* definitions in place from 1 January 2022 and reported as per APS 330 effective from 1 January 2023.

2 Non-performing exposures of \$7,708 million as at 30 June 2023 include exposures previously defined as impaired as well as defaulted exposures that are not considered impaired.

3 Specific provision balance includes accounting collective provisions on non-performing loans.

4 Includes charges for accounting collective provisions on non-performing exposures for the year ended 30 June 2023

5 Actual losses equal write-offs from individual provisions and write-offs direct from collective provisions less recoveries of amounts previously written off for the year ended 30 June 2023.

6 Comparative information has been restated to conform to presentation in current period.

Credit Risk (continued)

6.2 Non-performing Exposures and Provisions (continued)

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

Portfolio	31 December 2022 ¹				
	Impaired assets \$M	Past due loans ≥90 days ² \$M	Specific provision balance ³ \$M	Net half year charges for individual provisions \$M	Half year actual losses ⁴ \$M
Corporate including SME and specialised lending and central counterparties	1,165	515	519	148	258
Sovereign	–	–	–	–	–
Bank	–	–	–	–	–
Residential mortgage	1,721	2,254	557	4	15
Credit cards	60	–	52	–	36
Other retail	90	–	57	2	55
Total	3,036	2,769	1,185	154	364

1 Disclosures have not been restated and are reported as per APS 330 that was effective up until 31 December 2022.

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

3 Specific provision balance includes certain Australian Accounting Standards collective provisions on some defaulted loans.

4 Actual losses equal write-offs from individual provisions, write-offs direct from collective provisions less recoveries of amounts previously written off, for the half year ended 31 December 2022.

Credit Risk (continued)

6.2 Non-performing Exposures and Provisions (continued)

Table 7g (i) to (ii) – Non performing, specific provisions, and general provisions by geographic region

Geographic Region ¹	31 December 2023		
	Non performing exposures	Specific provision balance	General provision balance
	\$M	\$M	\$M
Australia	6,427	1,126	4,166
New Zealand	1,457	193	398
Other	220	63	117
Total	8,104	1,382	4,681

1 Balances are reported based on the risk domicile of the borrower.

Geographic Region ²	30 June 2023 ¹		
	Non performing exposures	Specific provision balance	General provision balance
	\$M	\$M	\$M
Australia	5,995	1,085	4,022
New Zealand	1,447	180	400
Other	266	87	176
Total	7,708	1,352	4,598

1 Reflective of APS 220 Credit Risk Management definitions in place from 1 January 2022 and reported as per APS 330 effective from 1 January 2023.

2 Balances are reported based on the risk domicile of the borrower.

Table 7g (i) to (ii) – Impaired, past due, specific provisions, and general reserve for credit losses by geographic region

Geographic Region ²	31 December 2022 ¹			
	Impaired assets	Past due loans ≥90 days ³	Specific provision balance	General reserve for credit losses balance
	\$M	\$M	\$M	\$M
Australia	2,123	2,561	971	3,739
New Zealand	758	126	130	475
Other	155	82	84	142
Total	3,036	2,769	1,185	4,356

1 Disclosures have not been restated and are reported as per APS 330 that was effective up until 31 December 2022.

2 Balances are reported based on the risk domicile of the borrower.

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

Credit Risk (continued)

6.2 Non-performing Exposures and Provisions (continued)

Table 7h (i) & (ii)– Movement in individual and collective provisions

	Group			Total
	Stage 1	Stage 2	Stage 3	
	Performing	Performing	Non-performing	
	\$M	\$M	\$M	\$M
Closing balance as at 30 June 2022	1,313	2,538	1,496	5,347
Transfers to/(from)				
Stage 1	762	(757)	(5)	–
Stage 2	(346)	462	(116)	–
Stage 3	(9)	(200)	209	–
Net re-measurement on transfers between stages	(529)	839	144	454
Net financial assets originated	193	(354)	(125)	(286)
Movement in existing IAP (including IAP write-backs)	–	–	114	114
Movements due to risk parameters and other changes	342	(91)	(22)	229
Loan impairment expense/(benefit) for the period	413	(101)	199	511
Write-offs	–	–	(428)	(428)
Recoveries	–	–	64	64
Foreign exchange and other commitments	10	15	22	47
Closing balance as at 31 December 2022	1,736	2,452	1,353	5,541
Transfers to/(from)				
Stage 1	1,158	(1,147)	(11)	–
Stage 2	(469)	591	(122)	–
Stage 3	(12)	(186)	198	–
Net re-measurement on transfers between stages	(925)	1,540	216	831
Net financial assets originated	191	(461)	(107)	(377)
Movement in existing IAP (including IAP write-backs)	–	–	104	104
Movements due to risk parameters and other changes	30	95	(86)	39
Loan impairment (benefit)/expense for the period	(27)	432	192	597
Write-offs	–	–	(256)	(256)
Recoveries	–	–	44	44
Foreign exchange and other commitments	–	5	19	24
Closing balance as at 30 June 2023	1,709	2,889	1,352	5,950
Stage 1	698	(696)	(2)	–
Stage 2	(384)	504	(120)	–
Stage 3	(32)	(178)	210	–
Net re-measurement on transfers between stages	(492)	848	236	592
Net financial assets originated	61	(675)	(159)	(773)
Movement in existing IAP (including IAP write-backs)	–	–	93	93
Movements due to risk parameters and other changes	188	231	84	503
Loan impairment expense/(benefit) for the period	39	34	342	415
Write-offs	–	–	(376)	(376)
Recoveries	–	–	52	52
Foreign exchange and other commitments	5	5	12	22
Closing balance as at 31 December 2023	1,753	2,928	1,382	6,063
Included in loans and other receivables	1,744	2,907	1,331	5,982
Included in assets held for sale	9	21	51	81

For definitions of the line items in the table above refer to Note 3.2 in the 2023 Annual Report.

Credit Risk (continued)

6.3 Portfolios Subject to Standardised and Supervisory Risk Weights

The standardised approach is used by the Group where portfolios or segments are considered to be immaterial by the size of exposure or where the relevant prudential standards require a standardised approach to be used¹.

Portfolios that use the standardised approach include:

APRA regulated entities – portfolios under APS 112: *Capital Adequacy: Standardised Approach to Credit Risk* (APS 112)

- Some retail SME (overdrawn accounts) and small unsecured consumer retail portfolios;
- Corporate exposures without risk ratings;
- Some standard residential property loans (including purchased portfolios);
- Non-standard residential property loans as defined in APS 112 including:
 - Interest only loans not predominantly for business purposes with an LVR greater than 80% and an interest only term specified in the contract as greater than 5 years;
 - Property exposures originated since 1 January 2023 where assessment does not result in a positive determination of the borrower's ability to meet repayment obligations; and
 - reverse mortgages and loans to self-managed superannuation funds;
- PTBC exposures;
- Margin lending; and
- Other assets (including property, plant and equipment, lease right of use assets and the residual value of assets under operating leases).

APRA regulated entities – portfolios under APS 180 *Capital Adequacy: Counterparty Credit Risk* (refer Section 6.6)

- Central counterparties; and
- Credit valuation adjustments (CVA).

¹ Since 1 January 2023 APRA has also required advanced ADIs to calculate risk weighted assets under the relevant standardised approach – refer page 10.

Risk weights have been applied in accordance with APS 112 and, where applicable, with consideration to the type of security held:

- For loans secured by residential property, consideration is given with respect to loan purpose, the Loan to Value Ratio (LVR); and whether lenders mortgage insurance (LMI) is held.
- For loans secured by commercial property, consideration is given to the LVR and the dependency on property cash flows.
- The Group's definition of internal risk ratings used for Corporate, Financial Institutions and Sovereign exposures has been aligned to equivalent rating grades provided by external credit assessment institutions including S&P Global Ratings and Moody's Investors Services.

The Group continues to review portfolios that use the standardised approach. Approval to apply the advanced approach will be sought from APRA when the size of exposures and number of customers within these portfolios are sufficient to qualify for advanced approaches.

For RBNZ regulated entities risk weights pertaining to standardised portfolios have been applied in accordance with RBNZ prudential requirements. Portfolios that use the standardised approach include:

RBNZ regulated entities – portfolios under APS 112

- Personal loans;
- Retail SME;
- Bank;
- Sovereign;
- Central counterparties;
- CVA; and
- Other assets.

APRA also requires certain specialised lending exposures, including Object and Project Finance, to be assigned specific risk weights according to "slotting" criteria defined by the regulator in APS 113 *Credit Adequacy: Internal Ratings-based Approach to Credit Risk*. This approach is also applied to Income Producing Real Estate (IPRE) exposures calculated under New Zealand prudential requirements.

Credit Risk (continued)

6.3 Portfolios Subject to Standardised and Supervisory Risk Weights (continued)

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

Standardised Approach Exposures	Exposure after credit risk mitigation ¹		
	31 Dec 23 ²	30 Jun 23 ²	31 Dec 22 ³
	\$M	\$M	\$M
Risk Weight			
0%	4,695	2,317	1,829
20%	5,458	5,594	2,569
25%	2,214	2,088	–
30%	2,662	2,420	–
35%	3,394	3,139	12,718
40%	1,723	1,904	–
45%	1,061	1,063	–
50%	1,879	2,030	2,982
55%	127	187	–
75%	881	1,282	599
85%	513	340	–
100%	10,007	10,054	12,491
105%	105	93	–
150%	176	142	35
> 150%	43	37	–
Other risk weights	228	222	–
Capital deductions	–	–	–
Total (excl. RBNZ regulated entities)	35,166	32,912	33,223
RBNZ regulated entities	20,875	20,633	–
Total	56,041	53,545	33,223

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

2 Prepared in accordance with APRA's revised capital framework effective from 1 January 2023.

3 Prepared in accordance with APRA's capital framework effective up until 31 December 2022.

Specialised Lending Exposures Subject to Supervisory Slotting	Exposure after credit risk mitigation ¹		
	31 Dec 23 ^{2,3}	30 Jun 23 ^{2,3}	31 Dec 22 ⁴
	\$M	\$M	\$M
Risk Weight			
0%	175	144	446
70%	1,829	1,996	29,137
90%	2,184	2,266	36,968
115%	191	115	10,944
250%	19	120	1,845
RBNZ regulated entities	4,138	4,043	–
Total exposures	8,536	8,684	79,340

1 APRA requires certain specialised lending exposures to be assigned specific risk weights according to "slotting" criteria as defined by the Regulator.

2 Excludes IPRE exposures now recognised in either AIRB or FIRB asset class.

3 Prepared in accordance with APRA's revised capital framework effective from 1 January 2023.

4 Prepared in accordance with APRA's capital framework effective up until 31 December 2022.

Credit Risk (continued)

6.4 Portfolios Subject to Internal Ratings-based Approaches

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
Very Strong/Strong	B1 to C3	>0.035% - 0.446%	A+ to BBB-	A1 to Baa3
Good/Satisfactory	D1 to E3	>0.446% - 6.656%	BB+ to B	Ba1 to B2
Weak/Doubtful	F1 to G3	>6.656%	B- to CC	B3 to Ca
Restructured	R	100% ¹	-	-
Defaulted	H	100%	D	C

¹ From January 2023 onwards.

Table 9c – PD rating methodology by portfolio segment

Portfolio Segment	PD Rating Methodology
Sovereign exposures	Expert judgement assigned risk rating, informed but not driven by rating agency views.
Financial Institution exposures (including Banks)	PD Rating Calculator or expert judgement assigned risk rating.
Corporate exposures (including property, agri-business)	Combination of expert judgement and PD Rating Model assigned risk ratings depending on the industry sector.
SME corporate exposures	PD Rating Model and expert judgement assigned risk rating.
SME retail exposures	SME behaviour score assigned PD pools.
Consumer retail exposures (including residential mortgages, qualifying revolving credit and other retail)	Depending on the product, PD pools are assigned using product specific application scorecards, behavioural scorecards, payment status or a combination thereof.

Credit Risk (continued)

6.4 Portfolios Subject to Internal Ratings-based Approaches (continued)

Credit Risk Exposure Subject to IRB Approaches

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

Non-retail ²	31 December 2023 ¹							Total \$M
	PD Band							
	0 < 0.03% \$M	0.03% < 0.15% \$M	0.15% < 0.5% \$M	0.5% < 3% \$M	3% < 10% \$M	10% < 100% \$M	Default \$M	
Total credit risk exposures								
Corporate (incl. Large and SME corporate)	–	20,464	55,277	120,465	5,707	2,257	1,972	206,142
Sovereign	151,526	21,828	322	3	–	–	–	173,679
Financial institution	–	52,499	3,677	714	6	3	3	56,902
Total IRB approach	151,526	94,791	59,276	121,182	5,713	2,260	1,975	436,723
RBNZ regulated entities	–	780	6,682	19,415	801	357	334	28,369
Total credit risk exposures	151,526	95,571	65,958	140,597	6,514	2,617	2,309	465,092
Undrawn commitments ³								
Corporate (incl. Large and SME corporate)	–	5,338	10,195	15,069	421	227	98	31,348
Sovereign	513	58	40	2	–	–	–	613
Financial institution	–	6,408	1,025	132	1	–	–	7,566
Total IRB approach	513	11,804	11,260	15,203	422	227	98	39,527
RBNZ regulated entities	–	193	1,604	2,016	59	4	10	3,886
Total undrawn commitments	513	11,997	12,864	17,219	481	231	108	43,413
Exposure - average EAD (\$M)								
Corporate (incl. Large and SME corporate)	–	2.100	1.655	0.869	0.718	0.474	0.586	1.042
Sovereign	10.759	23.961	0.689	0.142	–	–	–	11.219
Financial institution	–	2.937	1.961	0.885	0.092	0.109	0.318	2.754
RBNZ regulated entities	–	4.409	1.118	0.616	0.394	0.453	0.646	0.691
Exposure - weighted average LGD (%)								
Corporate (incl. Large and SME corporate)	–	41.0	33.3	25.8	22.0	28.6	32.2	29.3
Sovereign	5.1	19.3	29.8	45.4	–	–	–	7.0
Financial institution	–	49.2	48.4	34.5	10.2	75.0	49.6	49.0
RBNZ regulated entities	–	58.2	33.3	27.4	28.7	32.6	34.7	29.8
Exposure - weighted average risk weight (%) ⁴								
Corporate (incl. Large and SME corporate) ⁵	–	25.2	42.9	58.7	82.3	154.4	97.2	53.2
Sovereign	1.1	2.5	34.5	67.6	–	–	–	1.4
Financial institution	–	19.2	50.4	96.3	42.1	452.2	–	22.2
RBNZ regulated entities	–	36.1	37.7	53.5	103.9	181.7	230.1	54.4

¹ Prepared in accordance with APRA's revised capital framework effective from 1 January 2023.

² Total credit risk exposures do not include specialised lending, equity or securitisation exposures.

³ The credit exposure value of undrawn commitments included in Total credit risk exposures above.

⁴ Includes 1.10 scaling factor.

⁵ Includes cumulative \$4.2 billion overlays in relation to corporate PD models.

Credit Risk (continued)

6.4 Portfolios Subject to Internal Ratings-based Approaches (continued)

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

	30 June 2023 ¹							Total \$M
	0 < 0.03% \$M	0.03% < 0.15% \$M	0.15% < 0.5% \$M	PD Band			Default \$M	
Non-retail ²				0.5% < 3% \$M	3% < 10% \$M	10% < 100% \$M		
Total credit risk exposures								
Corporate (incl. Large and SME corporate)	–	20,624	53,113	112,891	5,696	2,144	1,847	196,315
Sovereign	180,686	16,740	278	3	–	–	–	197,707
Financial institution	–	38,143	3,962	515	9	1	2	42,632
Total IRB approach	180,686	75,507	57,353	113,409	5,705	2,145	1,849	436,654
RBNZ regulated entities	–	1,610	6,558	18,945	734	310	296	28,453
Total credit risk exposures	180,686	77,117	63,911	132,354	6,439	2,455	2,145	465,107
Undrawn commitments ³								
Corporate (incl. Large and SME corporate)	–	4,546	11,296	14,115	402	218	102	30,679
Sovereign	334	200	26	2	–	–	–	562
Financial institution	–	5,937	1,231	124	1	–	1	7,294
Total IRB approach	334	10,683	12,553	14,241	403	218	103	38,535
RBNZ regulated entities	–	331	1,465	1,714	42	24	25	3,601
Total undrawn commitments	334	11,014	14,018	15,955	445	242	128	42,136
Exposure - average EAD (\$M)								
Corporate (incl. Large and SME corporate)	–	2,079	1,455	0.869	0.723	0.480	0.496	1.021
Sovereign	12.860	18.684	0.599	0.148	–	–	–	12.806
Financial institution	–	2.210	1.865	0.652	0.267	0.072	0.107	2.107
RBNZ regulated entities	–	6.793	0.961	0.588	0.394	0.570	0.615	0.674
Exposure - weighted average LGD (%)								
Corporate (incl. Large and SME corporate)	–	39.2	32.9	25.4	22.8	27.5	33.3	28.9
Sovereign	4.8	21.9	36.3	45.7	–	–	–	6.3
Financial institution	–	49.1	49.5	28.5	64.0	75.0	31.3	48.9
RBNZ regulated entities	–	58.6	33.5	27.6	30.4	31.5	45.0	31.0
Exposure - weighted average risk weight (%) ⁴								
Corporate (incl. Large and SME corporate) ⁵	–	25.0	41.7	57.2	84.9	157.8	140.0	52.3
Sovereign	0.9	3.2	33.1	72.8	–	–	–	1.1
Financial institution	–	21.8	53.2	76.3	283.0	479.4	–	25.5
RBNZ regulated entities	–	29.6	37.6	53.7	111.1	176.6	388.1	54.9

1 Prepared in accordance with APRA's revised capital framework effective from 1 January 2023.

2 Total credit risk exposures do not include specialised lending, equity or securitisation exposures.

3 The credit exposure value of undrawn commitments included in Total credit risk exposures above.

4 Includes 1.10 scaling factor.

5 Includes cumulative \$3.5 billion overlays in relation to corporate PD models.

Credit Risk (continued)

6.4 Portfolios Subject to Internal Ratings-based Approaches (continued)

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

	31 December 2022							Total \$M
	0 < 0.03% \$M	0.03% < 0.15% \$M	0.15% < 0.5% \$M	PD Band		10% < 100% \$M	Default \$M	
Non-retail ¹				0.5% < 3% \$M	3% < 10% \$M			
Total credit risk exposures								
Corporate (incl. SME corporate)	–	49,906	56,005	94,668	2,928	1,917	1,593	207,017
SME retail ²	–	–	1,521	10,521	2,952	483	243	15,720
Sovereign	202,419	17,515	582	12	–	–	–	220,528
Bank	–	17,763	372	8	–	–	–	18,143
Total	202,419	85,184	58,480	105,209	5,880	2,400	1,836	461,408
Undrawn commitments ³								
Corporate (incl. SME corporate)	–	17,888	21,708	20,799	565	274	127	61,361
SME retail ²	–	–	1,393	2,945	657	85	14	5,094
Sovereign	839	358	59	7	–	–	–	1,263
Bank	–	607	65	–	–	–	–	672
Total	839	18,853	23,225	23,751	1,222	359	141	68,390
Exposure - average EAD (\$M)								
Corporate (incl. SME corporate)	–	2.940	1.288	0.604	0.336	0.465	0.424	0.885
SME retail ²	–	–	0.089	0.068	0.045	0.089	0.068	0.064
Sovereign	14.402	20.606	1.316	0.322	–	–	–	14.327
Bank	–	1.508	0.434	0.472	–	–	–	1.432
Exposure - weighted average LGD (%)								
Corporate (incl. SME corporate)	–	55.5	42.9	30.3	31.0	33.1	35.3	39.9
SME retail ²	–	–	38.1	33.4	43.6	29.8	33.7	35.7
Sovereign	5.3	11.4	47.3	48.5	60.0	–	–	5.9
Bank	–	58.8	59.8	60.0	–	–	–	58.8
Exposure - weighted average risk weight (%) ⁴								
Corporate (incl. SME corporate)	–	26.9	48.9	59.4	93.8	169.2	165.3	51.3
SME retail ²	–	–	23.2	45.1	84.0	103.8	217.2	54.7
Sovereign	0.8	2.4	41.0	74.7	212.5	–	–	1.0
Bank	–	17.0	49.5	63.8	–	–	–	17.7

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.

Credit Risk (continued)

6.4 Portfolios Subject to Internal Ratings-based Approaches (continued)

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

Retail	31 December 2023 ¹							Total \$M
	PD Band							
	0 < 0.1% \$M	0.1% < 0.3% \$M	0.3% < 0.5% \$M	0.5% < 3% \$M	3% < 10% \$M	10% < 100% \$M	Default \$M	
Total credit risk exposures								
SME retail	–	1,395	2,443	9,938	3,913	1,308	235	19,232
Residential mortgage	168,646	177,754	84,225	169,723	29,615	965	4,145	635,073
Qualifying revolving retail	107	14,710	3,077	3,911	1,282	209	75	23,371
Other retail	53	131	145	3,697	3,224	602	80	7,932
Total IRB approach	168,806	193,990	89,890	187,269	38,034	3,084	4,535	685,608
RBNZ regulated entities	–	11,589	17,129	47,416	820	–	1,150	78,104
Total credit risk exposures	168,806	205,579	107,019	234,685	38,854	3,084	5,685	763,712
Undrawn commitments ²								
SME retail	–	1,198	1,438	2,744	753	135	14	6,282
Residential mortgage	39,730	23,336	6,037	3,664	81	3	13	72,864
Qualifying revolving retail	90	11,046	2,130	1,495	216	26	6	15,009
Other retail	38	5	28	1,101	71	42	1	1,286
Total IRB approach	39,858	35,585	9,633	9,004	1,121	206	34	95,441
RBNZ regulated entities	–	4,135	1,738	2,481	90	–	11	8,455
Total undrawn commitments	39,858	39,720	11,371	11,485	1,211	206	45	103,896
Exposure - average EAD (\$M)								
SME retail	–	0.047	0.075	0.069	0.145	0.130	0.065	0.078
Residential mortgage	0.348	0.341	0.342	0.339	0.303	0.298	0.341	0.340
Qualifying revolving retail	0.004	0.009	0.007	0.008	0.007	0.004	0.006	0.008
Other retail	0.005	0.512	0.016	0.007	0.013	0.002	0.004	0.007
RBNZ regulated entities	–	0.058	0.092	0.079	0.006	–	0.109	0.069
Exposure - weighted average LGD (%)								
SME retail	–	41.4	34.3	38.3	30.6	32.5	40.4	36.1
Residential mortgage ³	13.8	15.0	16.0	16.6	17.6	16.1	20.9	15.4
Qualifying revolving retail	81.0	84.9	84.2	84.4	84.2	84.1	84.7	84.6
Other retail	90.4	93.0	99.4	66.6	81.3	86.7	86.9	75.5
RBNZ regulated entities	–	17.6	18.2	21.8	35.5	–	22.6	20.5
Exposure - weighted average risk weight (%) ⁴								
SME retail	–	15.5	24.3	51.5	65.1	101.8	182.3	53.2
Residential mortgage	6.1	8.9	16.5	39.4	90.8	138.7	215.2	22.7
Qualifying revolving retail	5.0	5.7	14.2	45.3	131.8	211.7	194.9	22.8
Other retail	22.9	35.2	62.0	83.4	130.9	184.0	237.1	110.3
RBNZ regulated entities	–	7.5	16.2	37.1	105.8	–	204.8	31.3

¹ Prepared in accordance with APRA's revised capital framework effective from 1 January 2023.

² The credit exposure value of undrawn commitments included in Total credit risk exposures above.

³ Excludes a \$7.4 billion RWA overlay that has been applied at 31 December 2023 for regulatory capital purposes.

⁴ Includes 1.10 scaling factor.

Credit Risk (continued)

6.4 Portfolios Subject to Internal Ratings-based Approaches (continued)

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

Retail	30 June 2023 ¹							Total
	PD Band							
	0 < 0.1%	0.1% < 0.3%	0.3% < 0.5%	0.5% < 3%	3% < 10%	10% < 100%	Default	
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Total credit risk exposures								
SME retail	–	1,362	2,331	9,823	3,838	1,214	238	18,806
Residential mortgage	163,460	174,872	87,296	175,214	30,200	966	3,749	635,757
Qualifying revolving retail	–	14,628	3,185	4,076	1,343	234	65	23,531
Other retail	59	152	147	3,509	3,071	595	83	7,616
Total IRB approach	163,519	191,014	92,959	192,622	38,452	3,009	4,135	685,710
RBNZ regulated entities	–	11,261	17,273	47,339	788	–	1,177	77,838
Total credit risk exposures	163,519	202,275	110,232	239,961	39,240	3,009	5,312	763,548
Undrawn commitments ²								
SME retail	–	1,159	1,369	2,580	652	114	17	5,891
Residential mortgage	38,441	22,813	6,472	4,222	110	3	13	72,074
Qualifying revolving retail	–	11,241	2,259	1,635	243	34	3	15,415
Other retail	44	16	43	1,173	85	74	1	1,436
Total IRB approach	38,485	35,229	10,143	9,610	1,090	225	34	94,816
RBNZ regulated entities	–	3,928	1,780	2,781	94	–	10	8,593
Total undrawn commitments	38,485	39,157	11,923	12,391	1,184	225	44	103,409
Exposure - average EAD (\$M)								
SME retail	–	0.047	0.074	0.070	0.139	0.127	0.064	0.078
Residential mortgage	0.335	0.329	0.335	0.335	0.300	0.296	0.317	0.331
Qualifying revolving retail	–	0.009	0.007	0.008	0.007	0.004	0.006	0.008
Other retail	0.005	0.542	0.016	0.007	0.013	0.002	0.003	0.007
RBNZ regulated entities	–	0.121	0.146	0.177	0.005	–	0.107	0.120
Exposure - weighted average LGD (%)								
SME retail	–	42.1	33.8	37.8	30.5	32.8	36.9	35.8
Residential mortgage ⁴	13.9	15.0	16.0	16.7	17.6	16.3	20.7	15.5
Qualifying revolving retail	–	84.8	84.2	84.4	84.3	84.3	84.6	84.6
Other retail	98.8	94.7	100.2	69.7	81.7	89.2	86.4	77.6
RBNZ regulated entities	–	16.9	18.3	21.5	34.0	–	22.1	20.2
Exposure - weighted average risk weight (%) ³								
SME retail	–	15.7	23.9	51.0	65.7	102.8	269.8	54.2
Residential mortgage	6.2	9.1	16.8	39.8	92.8	140.2	213.0	23.2
Qualifying revolving retail	–	5.7	14.2	45.4	132.9	213.8	240.7	23.7
Other retail	24.8	35.7	62.6	87.3	131.5	189.0	197.7	112.3
RBNZ regulated entities	–	7.1	16.3	36.6	102.2	–	203.0	31.0

¹ Prepared in accordance with APRA's revised capital framework effective from 1 January 2023.

² The credit exposure value of undrawn commitments included in Total credit risk exposures above.

³ Includes 1.10 scaling factor.

⁴ Excludes a \$7.4 billion RWA overlay that has been applied at 30 June 2023 for regulatory capital purposes.

Credit Risk (continued)

6.4 Portfolios Subject to Internal Ratings-based Approaches (continued)

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

Retail	31 December 2022							Total \$M
	0 < 0.1% \$M	0.1% < 0.3% \$M	0.3% < 0.5% \$M	PD Band			Default \$M	
				0.5% < 3% \$M	3% < 10% \$M	10% < 100% \$M		
Total credit risk exposures								
Residential mortgage	159,706	184,976	104,146	219,018	30,617	1,022	4,434	703,919
Qualifying revolving retail	199	14,594	3,176	3,938	1,308	166	51	23,432
Other retail	64	536	409	4,421	3,102	519	74	9,125
Total	159,969	200,106	107,731	227,377	35,027	1,707	4,559	736,476
Undrawn commitments ¹								
Residential mortgage	44,978	18,470	8,844	9,810	117	19	17	82,255
Qualifying revolving retail	162	11,009	2,268	1,558	221	25	3	15,246
Other retail	49	299	235	1,689	176	73	2	2,523
Total	45,189	29,778	11,347	13,057	514	117	22	100,024
Exposure - average EAD (\$M)								
Residential mortgage	0.326	0.297	0.285	0.270	0.289	0.301	0.265	0.292
Qualifying revolving retail	0.004	0.009	0.007	0.008	0.007	0.007	0.005	0.008
Other retail	0.006	0.005	0.005	0.005	0.008	0.002	0.003	0.005
Exposure - weighted average LGD (%)								
Residential mortgage	20.0	19.7	19.5	20.1	20.1	20.0	20.3	19.9
Qualifying revolving retail	81.0	84.9	84.2	84.4	84.3	84.0	84.5	84.6
Other retail	80.8	75.2	76.6	73.0	81.1	89.6	83.9	77.1
Exposure - weighted average risk weight (%) ²								
Residential mortgage	5.2	10.7	18.6	40.1	88.2	143.3	183.3	24.4
Qualifying revolving retail	4.8	5.5	13.7	43.7	128.6	210.2	89.6	21.6
Other retail	19.4	38.1	54.0	85.5	125.6	181.7	155.8	100.5

¹ The credit exposure value of undrawn commitments included in Total credit risk exposures above.

² Includes 1.06 scaling factor.

Credit Risk (continued)

6.4 Portfolios Subject to Internal Ratings-based Approaches (continued)

Analysis of Losses

The following tables provide a summary of financial losses by portfolio (Table 9e) and a comparison of financial losses to regulatory Expected Loss (EL) estimates (Table 9f (i)). Actual losses may differ from modelled regulatory EL for a number of reasons.

Actual losses (whether from standardised or internal ratings-based portfolios) are historical and are based on the quality of non-performing 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 IRB, AIRB and FIRB exposures using long-run PDs and downturn LGDs. For defaulted IRB and AIRB exposures the Best Estimate of Expected Loss (BEEL) is used. For defaulted FIRB exposures regulatory EL is calculated as the downturn LGD rate multiplied by the exposure as required by APS 113. The supervisory slotting approach, calculated as the product of EAD and a prescribed factor, is used to determine regulatory EL for specialised lending exposures. A 50% factor is applied for defaulted specialised lending exposures. Regulatory EL is not required to be calculated on standardised portfolios.

Table 9e – Actual losses by portfolio type

Portfolio Type	31 December 2023		
	Half year losses in the reporting period		
	Gross write-offs	Recoveries	Actual losses
	\$M	\$M	\$M
Corporate (incl. Large & SME corporate)	101	(3)	98
Specialised lending	10	–	10
Total corporate	111	(3)	108
Sovereign	–	–	–
Financial institution	–	–	–
SME retail	28	(2)	26
Residential mortgage	6	(2)	4
Qualifying revolving retail	84	(20)	64
Other retail	117	(20)	97
Other assets	–	–	–
Central counterparties	–	–	–
Total IRB and specialised lending portfolios	346	(47)	299
Non-retail	3	–	3
Retail	7	(2)	5
Total RBNZ regulated entities	10	(2)	8

Credit Risk (continued)

6.4 Portfolios Subject to Internal Ratings-based Approaches (continued)

Table 9e – Actual losses by portfolio type (continued)

Portfolio Type	30 June 2023		
	Full year losses in the reporting period		
	Gross write-offs \$M	Recoveries \$M	Actual losses \$M
Corporate (incl. SME corporate)	262	(2)	260
Specialised lending	7	(1)	6
Total corporate	269	(3)	266
Sovereign	–	–	–
Financial institution	–	–	–
SME retail	32	(1)	31
Residential mortgage	29	(3)	26
Qualifying revolving retail	133	(46)	87
Other retail	172	(42)	130
Other assets	–	–	–
Central counterparties	–	–	–
Total IRB and specialised lending portfolios	635	(95)	540
Non-retail	6	(2)	4
Retail	11	(4)	7
Total RBNZ regulated entities	17	(6)	11

Portfolio Type	31 December 2022		
	Half year losses in the reporting period		
	Gross write-offs \$M	Recoveries \$M	Actual losses \$M
Corporate (incl. SME corporate)	202	(3)	199
SME retail	11	–	11
Specialised lending	41	–	41
Total corporate including SME and specialised lending	254	(3)	251
Sovereign	–	–	–
Bank	–	–	–
Residential mortgage	17	(2)	15
Qualifying revolving retail	61	(26)	35
Other retail	77	(30)	47
Total AIRB and specialised lending portfolios	409	(61)	348

Credit Risk (continued)

6.4 Portfolios Subject to Internal Ratings-based Approaches (continued)

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

Portfolio Type	31 December 2023	
	Half year actual loss	Regulatory one year expected loss estimate
	\$M	\$M
Corporate (incl. SME corporate)	98	1,396
Specialised lending	10	118
Total corporate	108	1,514
Sovereign	–	3
Financial institution	–	23
SME retail	26	279
Residential mortgage	4	999
Qualifying revolving retail	64	263
Other retail	97	346
Total IRB and specialised lending portfolios	299	3,427
Non-retail	3	221
Other retail	5	256
Total RBNZ regulated entities	8	477
Portfolio Type	30 June 2023	
	Full year actual loss	Regulatory one year expected loss estimate
	\$M	\$M
Corporate (incl. SME corporate)	260	1,201
Specialised lending	6	111
Total corporate	266	1,312
Sovereign	–	3
Financial institution	–	18
SME retail	31	240
Residential mortgage	26	983
Qualifying revolving retail	87	275
Other retail	130	347
Total IRB and specialised lending portfolios	540	3,178
Non-retail	4	201
Other retail	7	251
Total RBNZ regulated entities	11	452
Portfolio Type	31 December 2022	
	Half year actual loss	Regulatory one year expected loss estimate
	\$M	\$M
Corporate (incl. SME corporate)	199	1,114
SME retail	11	207
Specialised lending	41	1,089
Total corporate including SME and specialised lending	251	2,410
Sovereign	–	3
Bank	–	4
Residential mortgage	15	1,496
Qualifying revolving retail	35	237
Other retail	47	331
Total AIRB and specialised lending portfolios	348	4,481

Credit Risk (continued)

6.4 Portfolios Subject to Internal Ratings-based Approaches (continued)

Accuracy of Risk Estimates

The following tables compare credit risk estimates used in calculating regulatory capital to realised outcomes. The risk estimates are based on prudential requirements prior to the revised capital framework. The prudential standard changes have introduced a number of new asset classes which will be reported once there is adequate historical data available.

Probability of Default

Table 9f (ii) compares estimates of long-run PD to actual default rates averaged over the period from 2016.

Average estimated PD is based on the average of long-run PDs for borrowers 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 borrowers during the year compared to the non-defaulted borrowers measured at the beginning of each financial year.

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

Portfolio Type	31 December 2023	
	Average estimated PD	Average actual PD
	%	%
Corporate (incl. SME corporate)	2.17	2.04
Specialised lending ¹	n/a	1.77
Sovereign	0.49	–
Bank	0.35	–
SME retail	2.13	1.63
Residential mortgage	0.71	0.55
Qualifying revolving retail	1.57	1.52
Other retail	6.57	6.28
RBNZ regulated entities:		
Non-retail	1.62	0.84
Retail	1.69	0.91

¹ Average estimated PD not relevant for specialised lending under the Supervisory Slotting approach.

Loss Given Default and Exposure at Default

LGDs for non-retail portfolios are based on accounts that defaulted in 2016 to 2021 financial years. LGDs for retail portfolios are based on accounts that defaulted in 2016 to 2022 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 borrowers that defaulted.

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

Portfolio Type	31 December 2023		
	Average estimated downturn LGD	Average actual LGD	Ratio of estimated EAD to actual EAD
	%	%	
Corporate (incl. SME corporate)	43.6	22.7	1.2
Specialised lending ¹	n/a	12.9	1.1
Sovereign	–	–	–
Bank	–	–	–
SME retail	34.9	18.1	1.1
Residential mortgage ²	20.0	3.0	1.0
Qualifying revolving retail	86.3	67.0	1.2
Other retail	94.9	71.6	1.1
RBNZ regulated entities:			
Non-retail	35.9	16.6	1.1
Retail	22.8	6.0	1.0

¹ Average estimated LGD not relevant for specialised lending under the Supervisory Slotting approach.

² Estimated downturn LGD based on minimum regulatory floor requirements imposed by APRA and RBNZ.

Credit Risk (continued)

6.5 Credit Risk Mitigation

Table 10b and 10c – Credit risk mitigation

	31 December 2023 ¹			
Portfolio Type	Total exposure ^{2 3} \$M	Eligible financial collateral \$M	Exposures covered by guarantees \$M	Exposures covered by credit derivatives \$M
Subject to AIRB approach				
Corporate (incl. SME corporate)	157,323	–	8	–
SME retail ⁴	19,232	–	–	–
Residential mortgage	635,073	–	–	–
Qualifying revolving retail	23,371	–	–	–
Other retail	7,932	–	–	–
Total AIRB approach	842,931	–	8	–
Subject to FIRB approach				
Corporate - large	48,819	–	–	–
Sovereign	173,679	–	93	–
Financial institution	56,902	–	334	–
Total FIRB approach	279,400	–	427	–
Specialised lending	4,398	–	–	–
Subject to standardised approach				
Corporate (incl. SME corporate)	832	–	–	–
SME retail	855	–	–	–
Sovereign	460	–	–	–
Residential mortgage	16,882	–	–	–
Other retail	518	–	–	–
Other assets	15,619	–	–	–
Central counterparties	2,862	–	–	–
Total standardised approach	38,028	–	–	–
RBNZ regulated entities	131,781	–	–	–
Total credit exposures	1,296,538	–	435	–

1 Prepared in accordance with APRA's revised capital framework effective from 1 January 2023.

2 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.

3 Exposure for derivatives and guarantees is after netting and financial collateral.

4 Including SME retail secured by residential property.

Credit Risk (continued)

6.5 Credit Risk Mitigation (continued)

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

	30 June 2023 ¹			
Portfolio Type	Total exposure ^{2 3} \$M	Eligible financial collateral \$M	Exposures covered by guarantees \$M	Exposures covered by credit derivatives \$M
Subject to AIRB approach				
Corporate (incl SME corporate)	154,966	–	17	–
SME retail ⁴	18,806	–	–	–
Residential mortgage	635,757	–	–	–
Qualifying revolving retail	23,531	–	–	–
Other retail	7,616	–	–	–
Total AIRB approach	840,676	–	17	–
Subject to FIRB approach				
Corporate - large	41,349	–	85	–
Sovereign	197,707	–	141	–
Financial institution	42,632	–	45	–
Total FIRB approach	281,688	–	271	–
Specialised lending	4,641	–	–	–
Subject to standardised approach				
Corporate (incl SME corporate)	559	–	–	–
SME retail	1,248	–	–	–
Sovereign	520	–	–	–
Residential mortgage	16,614	–	–	–
Other retail	604	–	–	–
Other assets	13,367	–	–	–
Central counterparties	2,616	–	–	–
Total standardised approach	35,528	–	–	–
RBNZ regulated entities	130,966	–	–	–
Total credit exposures	1,293,499	–	288	–

1 Prepared in accordance with APRA's revised capital framework effective from 1 January 2023.

2 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.

3 Exposure for derivatives and guarantees is after netting and financial collateral.

4 Including SME retail secured by residential property.

Credit Risk (continued)

6.5 Credit Risk Mitigation (continued)

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

	31 December 2022			
Portfolio Type	Total exposure ¹ \$M	Eligible financial collateral \$M	Exposures covered by guarantees \$M	Exposures covered by credit derivatives \$M
Subject to AIRB approach ²				
Corporate (incl SME corporate)	207,017	–	263	–
SME retail ³	15,720	–	–	–
Sovereign	220,528	–	–	–
Bank	18,143	–	–	–
Residential mortgage	703,919	–	–	–
Qualifying revolving retail	23,432	–	–	–
Other retail	9,125	–	–	–
Total AIRB approach	1,197,884	–	263	–
Specialised lending	79,340	–	–	–
Subject to standardised approach				
Corporate (incl SME corporate)	863	–	–	–
SME retail	2,104	–	–	–
Sovereign	588	–	–	–
Bank	194	–	–	–
Residential mortgage	16,289	–	–	–
Other retail	1,143	–	–	–
Other assets	12,042	–	–	–
Central counterparties	3,685	–	–	–
Total standardised approach	36,908	–	–	–
Total credit exposures	1,314,132	–	263	–

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.

Credit Risk (continued)

6.6 Counterparty Credit Risk

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

	31 Dec 23 \$M	30 Jun 23 \$M	31 Dec 22 \$M
Gross positive fair value	31,419	24,040	29,782
Netting and collateral benefits	(25,012)	(17,597)	(23,118)
Including collateral held of which:			
Cash	(4,203)	(6,309)	(5,384)
Replacement cost	6,407	6,443	6,664
Potential future exposure	9,650	9,910	8,740
Impact of scaling factor of 1.4 and incurred CVA	6,354	6,479	6,086
Exposure at Default	22,411	22,832	21,490

¹ Excluding exposures to CCPs, clearers and derivative exposures classified under Securitisation (for APS 120).

Table 11b (ii) Counterparty credit risk derivative exposure ¹

Exposure type	Current Credit Exposure		
	31 Dec 23 \$M	30 Jun 23 \$M	31 Dec 22 \$M
Interest rate contracts	1,935	2,517	2,967
Foreign currency contracts	28,023	20,249	25,695
Equity contracts	–	–	–
Credit derivatives	3	3	4
Commodities and other	1,458	1,271	1,116
Total	31,419	24,040	29,782

¹ Excluding exposures to CCPs, clearers and derivative exposures classified under Securitisation (for APS 120). Exposure types based on product.

Credit Risk (continued)

6.6 Counterparty Credit Risk (continued)

Table 11c Counterparty credit risk derivative transactions

Notional value by product type as at 31 December 2023 ¹	Own Credit Portfolio		Intermediation Activity	
	Protection buyer	Protection seller	Protection buyer	Protection seller
	\$M	\$M	\$M	\$M
Credit default swaps	1,506	151	727	547
Total return swaps	–	–	–	–
Credit options	–	–	–	–
Other	–	–	–	–
Total	1,506	151	727	547

¹ CCP exposures have been netted against each other where offsetting per CDS index.

Notional value by product type as at 30 June 2023 ¹	Own Credit Portfolio		Intermediation Activity	
	Protection buyer	Protection seller	Protection buyer	Protection seller
	\$M	\$M	\$M	\$M
Credit default swaps	1,875	–	935	765
Total return swaps	–	–	–	–
Credit options	–	–	–	–
Other	–	–	–	–
Total	1,875	–	935	765

¹ CCP exposures have been netted against each other where offsetting per CDS index.

Notional value by product type as at 31 December 2022 ¹	Own Credit Portfolio		Intermediation Activity	
	Protection buyer	Protection seller	Protection buyer	Protection seller
	\$M	\$M	\$M	\$M
Credit default swaps	1,962	–	661	611
Total return swaps	–	–	–	–
Credit options	–	–	–	–
Other	–	–	–	–
Total	1,962	–	661	611

¹ CCP exposures have been netted against each other where offsetting per CDS index.

Credit Risk (continued)

6.7 Securitisation

Banking Book

The following table provides banking book exposures securitised by the Group and third party securitised assets where the Group is classified as a sponsor. The Group originated exposures can be broken down as follows:

- Group originated assets - capital relief comprise CBA Medallion Trusts subject to capital treatment under APS 120.
- Group originated assets - non-capital relief comprise CBA Medallion Trusts subject to capital treatment under APS 113 *Capital Adequacy: Internal Ratings-based Approach to Credit Risk*.
- Group originated assets - internal RMBS comprise CBA Medallion and ASB Medallion Trusts, held for contingent liquidity purposes.
- Third party originated assets comprise assets managed and sponsored by the Group.

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

Underlying Asset	31 December 2023			
	Group originated assets - capital relief	Group originated assets - non capital relief	Group originated assets - internal RMBS	Third party originated assets
	\$M	\$M	\$M	\$M
Residential mortgage	2,814	5,624	125,125	–
Credit cards and other personal loans	–	–	–	–
Auto and equipment finance	–	–	–	–
Commercial loans	–	–	–	–
Other	–	–	–	–
Total	2,814	5,624	125,125	–

Underlying Asset	30 June 2023			
	Group originated assets - capital relief	Group originated assets - non capital relief	Group originated assets - internal RMBS	Third party originated assets
	\$M	\$M	\$M	\$M
Residential mortgage	3,193	4,496	148,458	–
Credit cards and other personal loans	–	–	–	–
Auto and equipment finance	–	–	–	–
Commercial loans	–	–	–	–
Other	–	–	–	–
Total	3,193	4,496	148,458	–

Underlying Asset	31 December 2022			
	Group originated assets - capital relief	Group originated assets - non capital relief	Group originated assets - internal RMBS	Third party originated assets
	\$M	\$M	\$M	\$M
Residential mortgage	3,609	3,154	176,438	–
Credit cards and other personal loans	–	–	–	–
Auto and equipment finance	–	–	–	–
Commercial loans	–	–	–	–
Other	–	–	–	–
Total	3,609	3,154	176,438	–

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)

6.7 Securitisation (continued)

Table 12h – Non-performing banking book exposures by asset type

Underlying Asset	31 December 2023		
	Group originated assets securitised		
	Outstanding exposure	Non-performing exposure	Losses recognised
	\$M	\$M	\$M
Residential mortgage	133,563	580	–
Credit cards and other personal loans	–	–	–
Auto and equipment finance	–	–	–
Commercial loans	–	–	–
Other	–	–	–
Total	133,563	580	–

Underlying Asset	30 June 2023		
	Group originated assets securitised		
	Outstanding exposure	Non-performing exposure	Losses recognised
	\$M	\$M	\$M
Residential mortgage	156,147	636	–
Credit cards and other personal loans	–	–	–
Auto and equipment finance	–	–	–
Commercial loans	–	–	–
Other	–	–	–
Total	156,147	636	–

Underlying Asset	31 December 2022			
	Group originated assets securitised			
	Outstanding exposure	Impaired assets	Past due	Losses recognised
	\$M	\$M	\$M	\$M
Residential mortgage	183,201	222	409	–
Credit cards and other personal loans	–	–	–	–
Auto and equipment finance	–	–	–	–
Commercial loans	–	–	–	–
Other	–	–	–	–
Total	183,201	222	409	–

Table 12i – Banking book exposures intended to be securitised

As at 31 December 2023, the Group does not have any outstanding banking book exposures that are intended to be securitised.

Credit Risk (continued)

6.7 Securitisation (continued)

Table 12j – Banking book activity for the reporting period

The Group's new securitisation activity in the banking book during the half year ended 31 December 2023 was \$2,492 million.

Underlying Asset	Half year ended 31 December 2023	
	Total exposures securitised	Recognised gain or loss on sale
	\$M	\$M
Residential mortgage	2,492	–
Credit cards and other personal loans	–	–
Auto and equipment finance	–	–
Commercial loans	–	–
Other	–	–
Total	2,492	–

Underlying Asset	Full year ended 30 June 2023	
	Total exposures securitised ¹	Recognised gain or loss on sale
	\$M	\$M
Residential mortgage	3,068	–
Credit cards and other personal loans	155	–
Auto and equipment finance	14	–
Commercial loans	41	–
Other	–	–
Total	3,278	–

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

Underlying Asset	Half year ended 31 December 2022	
	Total exposures securitised	Recognised gain or loss on sale
	\$M	\$M
Residential mortgage	1,129	–
Credit cards and other personal loans	150	–
Auto and equipment finance	–	–
Commercial loans	41	–
Other	–	–
Total	1,320	–

Credit Risk (continued)

6.7 Securitisation (continued)

Table 12k – Banking book securitisation exposures retained or purchased

Securitisation Facility Type	31 December 2023		Total exposures \$M
	On Balance Sheet \$M	Off Balance Sheet \$M	
Liquidity support facilities	–	171	171
Warehouse facilities	11,666	4,931	16,597
Derivative facilities	–	108	108
Holdings of securities	2,778	–	2,778
Other	–	11	11
Total securitisation exposures in the banking book	14,444	5,221	19,665

Securitisation Facility Type	30 June 2023		Total exposures \$M
	On Balance Sheet \$M	Off Balance Sheet \$M	
Liquidity support facilities	–	179	179
Warehouse facilities	11,041	5,519	16,560
Derivative facilities	–	149	149
Holdings of securities	3,114	–	3,114
Other	–	12	12
Total securitisation exposures in the banking book	14,155	5,859	20,014

Securitisation Facility Type	31 December 2022		Total exposures \$M
	On Balance Sheet \$M	Off Balance Sheet \$M	
Liquidity support facilities	–	172	172
Warehouse facilities	11,704	5,588	17,292
Derivative facilities	–	140	140
Holdings of securities	3,665	–	3,665
Other	–	12	12
Total securitisation exposures in the banking book	15,369	5,912	21,281

Credit Risk (continued)

6.7 Securitisation (continued)

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

Total securitisation exposures in the banking book decreased by \$349 million or 1.7% during the half year ended 31 December 2023. The corresponding RWA also decreased by \$75 million or 2.3%.

31 December 2023						
Risk Weight Band	Exposures		Total exposures	Risk Weighted Assets		Total RWA
	Securitisation	Resecuritisation		Securitisation	Resecuritisation	
	\$M	\$M	\$M	\$M	\$M	\$M
≤ 25%	19,663	–	19,663	3,234	–	3,234
> 25% ≤ 35%	–	–	–	–	–	–
> 35% ≤ 50%	–	–	–	–	–	–
> 50% ≤ 75%	2	–	2	1	–	1
> 75% ≤ 100%	–	–	–	–	–	–
> 100% ≤ 650%	–	–	–	–	–	–
> 650% ≤ 1250%	–	–	–	–	–	–
Total	19,665	–	19,665	3,235	–	3,235

30 June 2023						
Risk Weight Band	Exposures		Total exposures	Risk Weighted Assets		Total RWA
	Securitisation	Resecuritisation		Securitisation	Resecuritisation	
	\$M	\$M	\$M	\$M	\$M	\$M
≤ 25%	20,002	–	20,002	3,303	–	3,303
> 25% ≤ 35%	–	–	–	–	–	–
> 35% ≤ 50%	–	–	–	–	–	–
> 50% ≤ 75%	12	–	12	7	–	7
> 75% ≤ 100%	–	–	–	–	–	–
> 100% ≤ 650%	–	–	–	–	–	–
> 650% ≤ 1250%	–	–	–	–	–	–
Total	20,014	–	20,014	3,310	–	3,310

31 December 2022						
Risk Weight Band	Exposures		Total exposures	Risk Weighted Assets		Total RWA
	Securitisation	Resecuritisation		Securitisation	Resecuritisation	
	\$M	\$M	\$M	\$M	\$M	\$M
≤ 25%	20,962	–	20,962	3,486	–	3,486
> 25% ≤ 35%	285	–	285	78	–	78
> 35% ≤ 50%	18	–	18	7	–	7
> 50% ≤ 75%	16	–	16	9	–	9
> 75% ≤ 100%	–	–	–	–	–	–
> 100% ≤ 650%	–	–	–	–	–	–
> 650% ≤ 1250%	–	–	–	–	–	–
Total	21,281	–	21,281	3,580	–	3,580

Credit Risk (continued)

6.7 Securitisation (continued)

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

Total securitisation exposures deducted from Tier 1 capital increased by \$8m during the half year ended 31 December 2023. There was nil movement during the half year ended 30 June 2023.

Underlying Asset	Common Equity Tier 1 Capital		
	31 Dec 23	30 Jun 23	31 Dec 22
	\$M	\$M	\$M
Residential mortgage	8	–	–
Credit cards and other personal loans	–	–	–
Auto and equipment finance	–	–	–
Commercial loans	–	–	–
Other	–	–	–
Total	8	–	–

Table 12m – Banking book exposures subject to early amortisation

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

Table 12n – Banking book resecuritisation exposures

The Group does not have any retained or repurchased banking book resecuritisation exposure.

Trading Book

Table 12o – Trading book exposures securitised

The Group has no traditional or synthetic securitisation exposures in the trading book.

Table 12p – Trading book exposures intended to be securitised

As at 31 December 2023, the Group does not have any outstanding trading book exposures that are intended to be securitised.

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 2023, relating to nil residential mortgages (30 June 2023: nil, 31 December 2022: nil), \$3 million credit cards and other personal loan (30 June 2023: nil, 31 December 2022: nil), and nil auto and equipment finance (30 June 2023: \$3 million, 31 December 2022: nil) exposures.

Table 12r – Trading book exposures subject to APS 116

The aggregate amount of exposures securitised by the Group and subject to APS 116 *Capital Adequacy: Market Risk* (APS 116) was \$78 million as at 31 December 2023 (30 June 2023: \$39 million, 31 December 2022: \$37 million), all of which are traditional securitisations. This consists of:

- Securities held in the trading book subject to the Standard Method of nil (30 June 2023: nil 31 December 2022: Nil); and
- Derivatives held in the trading book subject to the Internal Models Approach (IMA) of \$78 million (30 June 2023: \$39 million, 31 December 2022: \$37 million).

Credit Risk (continued)

6.7 Securitisation (continued)

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

Securitisation Facility Type	As at 31 December 2023		Total exposures \$M
	On Balance Sheet \$M	Off Balance Sheet \$M	
Liquidity support facilities	–	–	–
Warehouse facilities	–	–	–
Derivative facilities	–	78	78
Holdings of securities	–	–	–
Other	–	–	–
Total securitisation exposures in the trading book	–	78	78

Securitisation Facility Type	As at 30 June 2023		Total exposures \$M
	On Balance Sheet \$M	Off Balance Sheet \$M	
Liquidity support facilities	–	–	–
Warehouse facilities	–	–	–
Derivative facilities	–	39	39
Holdings of securities	–	–	–
Other	–	–	–
Total securitisation exposures in the trading book	–	39	39

Securitisation Facility Type	As at 31 December 2022		Total exposures \$M
	On Balance Sheet \$M	Off Balance Sheet \$M	
Liquidity support facilities	–	–	–
Warehouse facilities	–	–	–
Derivative facilities	–	37	37
Holdings of securities	–	–	–
Other	–	–	–
Total securitisation exposures in the trading book	–	37	37

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

The Group has \$78 million of derivative exposures held in the trading book subject to IMA (default risk) under APS 116 as at 31 December 2023 (30 June 2023: \$39 million, 31 December 2022: \$37 million).

Credit Risk (continued)

6.7 Securitisation (continued)

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

Risk Weight Band	31 December 2023		
	ERBA Approach	SFA Approach	Total exposures
	\$M	\$M	\$M
≤ 25%	30	48	78
> 25% ≤ 35%	–	–	–
> 35% ≤ 50%	–	–	–
> 50% ≤ 75%	–	–	–
> 75% ≤ 100%	–	–	–
> 100% ≤ 650%	–	–	–
> 650% ≤ 1250%	–	–	–
Total	30	48	78

Risk Weight Band	30 June 2023		
	ERBA Approach	SFA Approach	Total exposures
	\$M	\$M	\$M
≤ 25%	15	24	39
> 25% ≤ 35%	–	–	–
> 35% ≤ 50%	–	–	–
> 50% ≤ 75%	–	–	–
> 75% ≤ 100%	–	–	–
> 100% ≤ 650%	–	–	–
> 650% ≤ 1250%	–	–	–
Total	15	24	39

Risk Weight Band	31 December 2022		
	ERBA Approach	SFA Approach	Total exposures
	\$M	\$M	\$M
≤ 25%	17	19	36
> 25% ≤ 35%	–	1	1
> 35% ≤ 50%	–	–	–
> 50% ≤ 75%	–	–	–
> 75% ≤ 100%	–	–	–
> 100% ≤ 650%	–	–	–
> 650% ≤ 1250%	–	–	–
Total	17	20	37

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

The Group has \$1,945 million of RWA held in the trading book subject to IMA (default risk) under APS 116 as at 31 December 2023 (30 June 2023: \$1,765 million, 31 December 2022: \$1,650 million).

Credit Risk (continued)

6.7 Securitisation (continued)

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

	31 December 2023					
	ERBA Approach		SFA Approach		Total Capital Requirements	
	Securitisation	Resecuritisation	Securitisation	Resecuritisation	Securitisation	Resecuritisation
	\$M	\$M	\$M	\$M	\$M	\$M
≤ 25%	5	–	8	–	13	–
> 25% ≤ 35%	–	–	–	–	–	–
> 35% ≤ 50%	–	–	–	–	–	–
> 50% ≤ 75%	–	–	–	–	–	–
> 75% ≤ 100%	–	–	–	–	–	–
> 100% ≤ 650%	–	–	–	–	–	–
> 650% ≤ 1250%	–	–	–	–	–	–
Total	5	–	8	–	13	–

	30 June 2023					
	ERBA Approach		SFA Approach		Total Capital Requirements	
	Securitisation	Resecuritisation	Securitisation	Resecuritisation	Securitisation	Resecuritisation
	\$M	\$M	\$M	\$M	\$M	\$M
≤ 25%	2	–	4	–	6	–
> 25% ≤ 35%	–	–	–	–	–	–
> 35% ≤ 50%	–	–	–	–	–	–
> 50% ≤ 75%	–	–	–	–	–	–
> 75% ≤ 100%	–	–	–	–	–	–
> 100% ≤ 650%	–	–	–	–	–	–
> 650% ≤ 1250%	–	–	–	–	–	–
Total	2	–	4	–	6	–

	31 December 2022					
	ERBA Approach		SFA Approach		Total Capital Requirements	
	Securitisation	Resecuritisation	Securitisation	Resecuritisation	Securitisation	Resecuritisation
	\$M	\$M	\$M	\$M	\$M	\$M
≤ 25%	2	–	3	–	5	–
> 25% ≤ 35%	–	–	–	–	–	–
> 35% ≤ 50%	–	–	–	–	–	–
> 50% ≤ 75%	–	–	–	–	–	–
> 75% ≤ 100%	–	–	–	–	–	–
> 100% ≤ 650%	–	–	–	–	–	–
> 650% ≤ 1250%	–	–	–	–	–	–
Total	2	–	3	–	5	–

Credit Risk (continued)

6.7 Securitisation (continued)

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

The Group has no trading book exposures that are entirely deducted from CET1 capital.

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.

Table 12v – Trading book exposures subject to early amortisation

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

Table 12w – Trading book resecuritisation exposures

The Group did not have any retained or repurchased trading book resecuritisation exposures.

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 Table 12j (banking book) and Table 12q (trading book).

The total exposures securitised in the half year to 31 December 2023 was \$2,495 million (31 December 2022: \$1,320 million). The total exposures securitised in the full year to 30 June 2023 was \$3,281 million¹.

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

Securitisation Facility Type	31 December 2023		
	On Balance Sheet	Off Balance Sheet	Total exposures
	\$M	\$M	\$M
Liquidity support facilities	–	171	171
Warehouse facilities	11,666	4,931	16,597
Derivative facilities	–	186	186
Holdings of securities	2,778	–	2,778
Other	–	11	11
Total securitisation exposures	14,444	5,299	19,743

Securitisation Facility Type	30 June 2023		
	On Balance Sheet	Off Balance Sheet	Total exposures
	\$M	\$M	\$M
Liquidity support facilities	–	179	179
Warehouse facilities	11,041	5,519	16,560
Derivative facilities	–	188	188
Holdings of securities	3,114	–	3,114
Other	–	12	12
Total securitisation exposures	14,155	5,898	20,053

Securitisation Facility Type	31 December 2022		
	On Balance Sheet	Off Balance Sheet	Total exposures
	\$M	\$M	\$M
Liquidity support facilities	–	172	172
Warehouse facilities	11,704	5,588	17,292
Derivative facilities	–	177	177
Holdings of securities	3,665	–	3,665
Other	–	12	12
Total securitisation exposures	15,369	5,949	21,318

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

7

Equity Risk

Table 16b to 16f – Equity investment exposures¹

	31 December 2023	
	Balance	Fair
	Sheet value	value
	\$M	\$M
Equity Investments		
Value of listed (publicly traded) equities	2,226	2,377
Value of unlisted (privately held) equities	1,772	1,888
Total	3,998	4,265

	30 June 2023	
	Balance	Fair
	Sheet value ²	value
	\$M	\$M
Equity Investments		
Value of listed (publicly traded) equities	2,338	2,649
Value of unlisted (privately held) equities	1,538	1,610
Total	3,876	4,259

	31 December 2022	
	Balance	Fair
	Sheet value ²	value
	\$M	\$M
Equity Investments		
Value of listed (publicly traded) equities	2,479	2,615
Value of unlisted (privately held) equities	1,561	1,776
Total	4,040	4,391

	Half year ended		
	31 Dec 23	30 Jun 23	31 Dec 22
	\$M	\$M	\$M
Gains or Losses on Equity Investments			
Cumulative realised gains in reporting period	26	–	–
Total unrealised gains or losses ²	5	(200)	(338)

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

2 Comparative information has been revised to reflect the reclassification of the Group's investment in Qilu Bank from an investment in associate to an investment at fair value through other comprehensive income. For further details refer to note 1.1 in CBA Group's financial statements for the half year ended 31 December 2023.

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.

	31 Dec 23 \$M	30 Jun 23 \$M	31 Dec 22 \$M
Traded Market Risk RWA by Modelling Approach ¹			
Internal Model Approach	8,547	14,305	12,879
Standard Method	1,080	1,085	894
Total Traded Market Risk RWA	9,627	15,390	13,773

¹ Refer to page 11 for commentary.

The capital requirement for traded market risk under the standard method is disclosed in Table 13b.

Table 13b – Traded Market Risk under the Standard Method

Exposure Type	31 Dec 23 \$M	30 Jun 23 \$M	31 Dec 22 \$M
Interest rate risk	86.4	86.6	71.3
Equity risk	–	–	–
Foreign exchange risk	–	0.2	0.2
Commodity risk	–	–	–
Total	86.4	86.8	71.5
Risk Weighted Asset equivalent ¹	1,080	1,085	894

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 Table 14f (i).

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			As at balance date
	Mean value \$M	Maximum value \$M	Minimum value \$M	
Average VaR ¹				
Over the 6 months to 31 December 2023	51	68	36	62
Over the 6 months to 30 June 2023	109	177	73	109
Over the 6 months to 31 December 2022	79	88	71	71

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

	Aggregate SVaR Over the Reporting Period			As at balance date
	Mean value \$M	Maximum value \$M	Minimum value \$M	
Stressed VaR ¹				
Over the 6 months to 31 December 2023	108	150	80	126
Over the 6 months to 30 June 2023	168	257	99	144
Over the 6 months to 31 December 2022	154	179	123	154

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

Market Risk (continued)

8.1 Traded Market Risk (continued)

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 2023 there were no back test outliers. The back-test results are summarised in Table 14f (ii) and details of these are provided in Table 14f (iii). A comparison of VaR with actual gains or losses during the 6 months to 31 December 2023 is illustrated in 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 2023	-
Over the 6 months to 30 June 2023	6
Over the 6 months to 31 December 2022	2

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

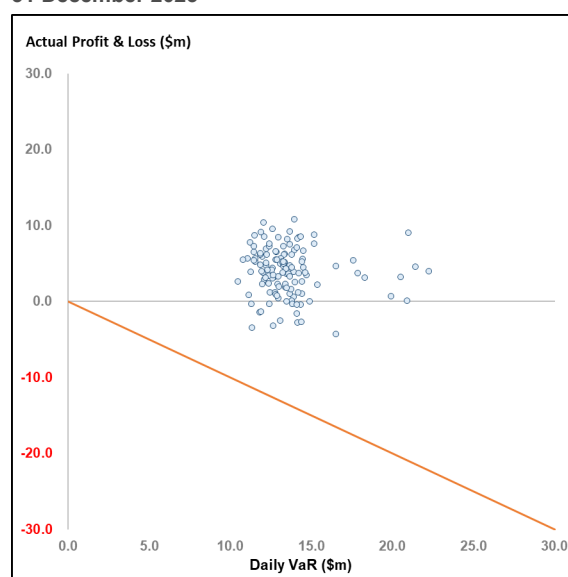
Table 14f (iii): Details of Back-Testing Outliers

Date	Over the Reporting Period 1 July 2023 to 31 December 2023	
	Hypothetical loss	VaR 99%
	\$M	\$M
	-	-

Date	Over the Reporting Period 1 January 2023 to 30 June 2023	
	Hypothetical loss	VaR 99%
	\$M	\$M
06 January 2023	37	28
09 March 2023	52	46
10 March 2023	72	53
15 March 2023	102	65
02 May 2023	35	32
20 June 2023	30	29

Date	Over the Reporting Period 1 July 2022 to 31 December 2022	
	Hypothetical loss	VaR 99%
	\$M	\$M
21 October 2022	40	24
10 November 2022	67	25

Table 14f (iv): Comparison of VaR estimates outliers with actual gains/losses experiences for the 6 months ended 31 December 2023



Market Risk (continued)

8.2 Non-Traded Market Risk

Table 17b – Interest Rate Risk in the Banking Book

Stress Testing: Interest Rate Shock Applied	Change in Economic Value		
	31 Dec 23	30 Jun 23	31 Dec 22
	\$M	\$M	\$M
AUD			
200 basis point parallel increase	(860)	(809)	(883)
200 basis point parallel decrease	890	848	922
NZD			
200 basis point parallel increase	(318)	(297)	(247)
200 basis point parallel decrease	327	308	257
USD			
200 basis point parallel increase	(153)	(33)	(21)
200 basis point parallel decrease	109	(38)	(9)
Other			
200 basis point parallel increase	17	20	16
200 basis point parallel decrease	(16)	(19)	(14)
Regulatory RWA ¹			
Interest rate risk in the banking book	40,307	46,578	47,850

¹ Refer to page 11 for commentary.

9

Operational Risk

Table 6e – Capital requirements for operational risk

Regulatory RWA	31 Dec 23 ¹	30 Jun 23 ¹	31 Dec 22 ²
	\$M	\$M	\$M
Total operational risk RWA ³	44,975	43,155	40,740

1 Determined in accordance with the standardised measurement approach as required by APS 115 effective from 1 January 2023.

2 Determined in accordance with APRA's capital framework effective up until 31 December 2022.

3 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 2023 quarter, excess liquid assets averaged \$49.6 billion and the average LCR decreased from 137% to 136%. The decrease in average LCR was due to balance sheet positioning and cash management activities over the Dec-23 quarter. On a spot basis, the LCR was between 129% and 142% over the quarter.

The Group's mix of liquid assets consists of HQLA, such as cash, deposits with central banks, Australian government and semi-government securities, and foreign sovereign securities. Liquid assets also include 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.

NCO are modelled under an APRA prescribed 30 day severe liquidity stress scenario. The Group manages modelled NCO 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 NCO decreased over the quarter due primarily to a reduction in cash flows from wholesale funding maturities and customer switching to higher yield term deposits.

Table 20 - LCR Disclosure Template

	31 Dec 23 ¹		30 Sep 23 ¹	
	Total unweighted value (average) \$M	Total weighted value (average) \$M	Total unweighted value (average) \$M	Total weighted value (average) \$M
Liquid assets, of which:				
1 High-quality liquid assets (HQLA)		186,615		195,339
2 Alternative liquid assets (ALA)		–		–
3 Reserve Bank of New Zealand (RBNZ) securities		123		402
Cash outflows				
4 Retail deposits and deposits from small business customers, of which:	447,000	36,356	439,794	35,678
5 Stable deposits	264,994	13,250	264,617	13,231
6 Less stable deposits	182,006	23,106	175,177	22,447
7 Unsecured wholesale funding, of which:	179,702	78,045	183,853	79,239
8 Operational deposits (all counterparties) and deposits in networks for cooperative banks	85,272	20,713	88,760	21,786
9 Non-operational deposits (all counterparties)	84,982	47,884	87,198	49,558
10 Unsecured debt	9,448	9,448	7,895	7,895
11 Secured wholesale funding		3,420		10,244
12 Additional requirements, of which:	177,304	28,164	173,749	26,223
13 Outflows related to derivatives exposures and other collateral requirements	9,257	9,257	7,857	7,857
14 Outflows related to loss of funding on debt products	–	–	–	–
15 Credit and liquidity facilities	168,047	18,907	165,892	18,366
16 Other contractual funding obligations	–	–	–	–
17 Other contingent funding obligations	96,399	11,909	92,472	11,917
18 Total cash outflows		157,894		163,301
Cash inflows				
19 Secured lending	34,063	3,212	30,535	3,080
20 Inflows from fully performing exposures	15,801	11,225	14,835	10,399
21 Other cash inflows	6,326	6,326	6,441	6,441
22 Total cash inflows	56,190	20,763	51,811	19,920
23 Total liquid assets		186,738		195,741
24 Total net cash outflows		137,131		143,381
25 Liquidity Coverage Ratio (%)		136		137
Number of data points used (Business Days)		62		64

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

Liquidity Risk (continued)

10.2 Net Stable Funding Ratio

The NSFR requires Australian ADIs to have sufficient Available Stable Funding (ASF) to meet their Required Stable Funding (RSF) over a one year horizon. The Group calculates its NSFR position daily, ensuring a buffer is maintained over the regulatory requirement of 100% and the Board's risk appetite. The ASF and RSF are calculated by applying 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 NSFR decreased from 123% at 30 September 2023 to 121% at 31 December 2023. Over the period, the Group's ASF decreased due to changes in the TFF maturity profile, partly offset by retail and SME deposit growth. RSF increased primarily due to an increase in security holdings and an increase in RSF factor applied to residential mortgage securities previously utilised as collateral for TFF drawings.

Table 21 - NSFR Disclosure Template

As at 31 December 2023					
	Unweighted value by residual maturity				Weighted value
	No Maturity	0 - 6 months	7 - 12 months	> 12 months	
	\$M	\$M	\$M	\$M	\$M
Available Stable Funding (ASF) Item					
1 Capital	72,936	–	–	38,009	110,945
2 Regulatory Capital	72,936	–	–	38,009	110,945
3 Other Capital Instruments	–	–	–	–	–
4 Retail deposits and deposits from small business customers	431,876	129,210	25	146	520,766
5 Stable deposits ¹	260,011	52,392	8	16	296,806
6 Less stable deposits ²	171,865	76,818	17	130	223,960
7 Wholesale funding	147,315	225,663	66,159	113,922	240,510
8 Operational deposits	81,545	–	–	–	40,772
9 Other wholesale funding	65,770	225,663	66,159	113,922	199,738
10 Liabilities with matching interdependent assets	–	–	–	–	–
11 Other liabilities	–	22,121	157	1,997	2,076
12 NSFR derivative liabilities	–	9,457	–	–	–
13 All other liabilities and equity not included in the above categories	–	12,664	157	1,997	2,076
14 Total ASF					874,297
Required Stable Funding (RSF) Item					
15 a) Total NSFR HQLA					5,238
15 b) ALA					3,199
15 c) RBNZ Securities					446
16 Deposits held at other financial institutions for operational purposes					–
17 Performing loans and securities	13,460	133,746	58,695	784,494	668,028
18 Performing loans to financial institutions secured by Level 1 HQLA	11,824	44,117	2,823	1,675	8,681
19 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	1,636	21,774	13,657	30,437	40,777
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)	–	38,067	33,975	152,368	164,870
21 of which: with a risk weight of less than or equal to 35% under APS 112	–	631	518	3,320	2,733
22 Performing residential property loans	–	7,753	6,640	588,120	431,420
23 of which: are standard loans to individuals with a LVR of 80% or below	–	5,319	4,925	405,740	268,853
24 Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	–	22,035	1,600	11,894	22,280
25 Assets with matching interdependent liabilities	–	–	–	–	–
26 Other assets:	4,487	34,319	663	23,526	34,662
27 Physical traded commodities, including gold	4,487	–	–	–	3,813
28 Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties (CCPs)	–	1,455	–	–	1,237
29 NSFR derivative assets	–	8,946	–	–	–
30 NSFR derivative liabilities before deduction of variation margin posted	–	20,005	–	–	4,001
31 All other assets not included in the above categories	–	3,913	663	23,526	25,611
32 Off Balance Sheet items	–	200,507	–	–	11,321
33 Total RSF					722,894
34 Net Stable Funding Ratio (%)					121

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.

Liquidity Risk (continued)

10.2 Net Stable Funding Ratio (continued)

		As at 30 September 2023				
		Unweighted value by residual maturity				Weighted value
		No Maturity	0 - 6 months	7 - 12 months	> 12 months	
		\$M	\$M	\$M	\$M	\$M
Available Stable Funding (ASF) Item						
1	Capital	70,812	–	–	37,223	108,035
2	Regulatory Capital	70,812	–	–	37,223	108,035
3	Other Capital Instruments	–	–	–	–	–
4	Retail deposits and deposits from small business customers	426,957	125,063	30	150	512,456
5	Stable deposits ¹	257,473	51,705	12	13	293,744
6	Less stable deposits ²	169,484	73,358	18	137	218,712
7	Wholesale funding	156,971	201,027	82,062	117,833	256,214
8	Operational deposits	88,070	–	–	–	44,035
9	Other wholesale funding	68,901	201,027	82,062	117,833	212,179
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities	–	26,064	154	1,779	1,855
12	NSFR derivative liabilities	–	11,280	–	–	–
13	All other liabilities and equity not included in the above categories	–	14,784	154	1,779	1,855
14	Total ASF					878,560
Required Stable Funding (RSF) Item						
15 a)	Total NSFR HQLA					4,930
15 b)	ALA					3,464
15 c)	RBNZ Securities					418
16	Deposits held at other financial institutions for operational purposes					–
17	Performing loans and securities	13,684	112,771	59,205	782,860	661,587
18	Performing loans to financial institutions secured by Level 1 HQLA	11,732	40,064	4,785	247	9,842
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	1,952	22,881	13,645	31,206	41,753
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)	–	35,737	29,742	157,468	166,025
21	of which: with a risk weight of less than or equal to 35% under APS 112	–	479	515	2,809	2,323
22	Performing residential property loans	–	7,968	6,605	582,769	428,827
23	of which: are standard loans to individuals with a LVR of 80% or below	–	5,001	4,846	397,735	263,451
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	–	6,121	4,428	11,170	15,140
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets:	2,222	36,592	1,036	22,894	32,590
27	Physical traded commodities, including gold	2,222	–	–	–	1,889
28	Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties (CCPs)	–	1,433	–	–	1,218
29	NSFR derivative assets	–	7,965	–	–	–
30	NSFR derivative liabilities before deduction of variation margin posted	–	22,342	–	–	4,468
31	All other assets not included in the above categories	–	4,852	1,036	22,894	25,015
32	Off Balance Sheet items	–	198,764	–	–	11,514
33	Total RSF					714,503
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.

11 Appendices

11.1 Detailed Capital Disclosures Template (APS 330 Attachment A)

The Group applies APRA's revised capital framework effective from 1 January 2023. These tables should be read in conjunction with Appendix 11.3 Regulatory Balance Sheet and Appendix 11.4 Reconciliation between Detailed Capital Disclosures Template and Regulatory Balance Sheet.

	31 Dec 23 Basel III %
Summary Group Capital Adequacy Ratios (Level 2)	
CET1	12.3
Tier 1	14.7
Total Capital	20.5

	31 Dec 23 Basel III \$M	Reconciliation Table Reference
Common Equity Tier 1 Capital: instruments and reserves		
1	33,774	Table A
2	40,598	
3	(1,583)	
4	–	
5	–	Table B
6	72,789	
Common Equity Tier 1 Capital: regulatory adjustments		
7	(8)	
8	(5,289)	Table C
9	(2,165)	Table C
10	–	Table D
11	936	
12	–	
13	–	
14	(40)	
15	(367)	
16	–	
17	–	
18	–	
19	–	
20	–	
21	–	Table D
22	–	
23	–	
24	–	
25	–	Table D

1 Represents the shortfall between the calculated Regulatory EL and Eligible Provisions (EP) with respect to credit portfolios which are subject to the AIRB approach. The adjustment is assessed separately for both defaulted and non-defaulted exposures. Where there is an excess of EL over EP in either assessments, the difference must be deducted from CET1. For non-defaulted exposures where the EL is lower than the EP, this may be included in Tier 2 capital up to a maximum of 0.6% of total Credit Risk RWA.

2 In accordance with APRA regulations, the surplus in the Group's defined benefit superannuation fund, net of any deferred tax liability, is deducted from CET1.

Appendices (continued)

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

	31 Dec 23 Basel III \$M	Reconciliation Table Reference
26	(8,625)	
26a	147	Table A
26b	-	
26c	-	
26d	(3,963)	Table G
26e	(3,155)	Table D
26f	(1,239)	
26g	(172)	Table G
26h	-	
26i	-	
26j	(243)	
27	-	
28	(15,558)	
29	57,231	
Additional Tier 1 Capital: instruments		
30	10,862	
31	-	
32	10,862	Table E
33	-	
34	-	
35	-	
36	10,862	Table E
Additional Tier 1 Capital: regulatory adjustments		
37	-	
38	-	
39	-	
40	-	
41	-	
41a	-	
41b	-	
41c	-	
42	-	
43	-	
44	10,862	
45	68,093	
Tier 2 Capital: instruments and provisions		
46	25,371	Table F
47	-	
48	-	
49	-	
50	2,162	
51	27,533	

1 Total regulatory adjustments to CET1 of \$15,580 million in Row 28 is net of APRA's allowance for treasury shares held by the Group's eligible employee share scheme arrangements of \$147 million as detailed in Row 26a.

Appendices (continued)

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

	31 Dec 23 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) ¹	(356)	
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	(386)	
58	Tier 2 Capital (T2)	27,147	
59	Total Capital (TC=T1+T2)	95,240	
60	Total risk weighted assets based on APRA standards	463,644	
Capital ratios and buffers			
61	CET1 (as a percentage of risk weighted assets)	12.3%	
62	Tier 1 (as a percentage of risk weighted assets)	14.7%	
63	Total Capital (as a percentage of risk weighted assets)	20.5%	
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)	10.08%	
65	of which: capital conservation buffer requirement ²	4.75%	
66	of which: ADI-specific countercyclical buffer requirements	0.83%	Table H
67	of which: G-SIB buffer requirement (not applicable)	-	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	12.3%	
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	1,440	Table G
73	Significant investments in the ordinary shares of financial entities	2,523	Table G
74	Mortgage servicing rights (net of related tax liability)	-	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	3,155	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)	119	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	311	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	2,164	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	2,043	
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	-	
83	Amount excluded from AT1 instruments due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on Tier 2 instruments subject to phase out arrangements	-	
85	Amount excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)	-	

1 Includes the Group's holdings of other banks' Total Loss Absorbing Capacity (TLAC) instruments which are required to be deducted from the Group's Tier 2 Capital under the revised APS 111 *Capital Adequacy: Measurement of Capital* effective from 1 January 2022.

2 Includes 1% Domestic Systemically Important Bank (D-SIB) requirement.

Appendices (continued)

11.2 Detailed Leverage Disclosures Template (APS 330 Attachment E)

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

		31 Dec 23
		Basel III
		\$M
1	Total consolidated assets as per published financial statements	1,275,969
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(2,724)
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	982
5	Adjustment for SFTs (i.e. repos and similar secured lending)	6,553
6	Adjustment for off Balance Sheet exposures (i.e. conversion to credit equivalent amounts of off Balance Sheet exposures)	111,031
7	Other adjustments	(29,713)
8	Leverage ratio exposure	1,362,098

Table 18 – Leverage ratio disclosure template

		31 Dec 23
		Basel III
		\$M
On Balance Sheet exposures		
1	On Balance Sheet items (excluding derivatives and securities financing transactions (SFTs), but including collateral)	1,165,007
2	Asset amounts deducted in determining Tier 1 Capital	(16,157)
3	Total On Balance Sheet exposures (excluding derivatives and SFTs)	1,148,850
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	9,165
5	Add-on amounts for potential future credit exposure (PFCE) associated with all derivatives transactions	18,836
6	Gross-up for derivatives collateral provided where deducted from the Balance Sheet assets pursuant to the Australian Accounting Standards	1,450
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	–
8	(Exempted central counterparty (CCP) leg of client-cleared trade exposures)	–
9	Adjusted effective notional amount of written credit derivatives	2,163
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(29)
11	Total derivative exposures	31,585
SFT exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	77,201
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(17,993)
14	CCR exposure for SFT assets	11,424
15	Agent transaction exposures	–
16	Total SFT exposures	70,632
Other Off Balance Sheet exposures		
17	Off Balance Sheet exposure at gross notional amount	201,248
18	(Adjustments for conversion to credit equivalent amounts)	(90,217)
19	Other Off Balance Sheet exposures	111,031
Capital and total exposures		
20	Tier 1 Capital	68,093
21	Total exposures	1,362,098
Leverage ratio		
22	Leverage ratio (%)	5.0

Appendices (continued)

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 2023.

	Group Balance Sheet \$M	Adjustment ¹ \$M	Level 2 Regulatory Balance Sheet \$M	Template/ Reconciliation Table Reference
Assets				
Cash and liquid assets	91,534	(2)	91,532	
Receivables due from other financial institutions	7,906	–	7,906	
Assets at fair value through Income Statement	82,649	–	82,649	Table G
Derivative assets	30,603	–	30,603	
Investment securities:				Table G
At amortised cost	1,623	–	1,623	
At fair value through Other Comprehensive Income	112,760	–	112,760	
Assets held for sale	1,391	–	1,391	
Loans, bills discounted and other receivables	921,372	(2,814)	918,558	
Investment in regulatory non-consolidated subsidiaries	–	89	89	Table G
Property, plant and equipment	4,783	–	4,783	
Investment in associates and joint ventures	1,774	–	1,774	Table G
Intangible assets	7,510	–	7,510	Table C
Deferred tax assets	3,318	(3)	3,315	Table D
Other assets	8,746	6	8,752	
Total assets	1,275,969	(2,724)	1,273,245	
Liabilities				
Deposits and other public borrowings	873,299	138	873,437	
Payables due to other financial institutions	20,544	–	20,544	
Liabilities at fair value through Income Statement	44,740	–	44,740	
Derivative liabilities	33,624	–	33,624	
Current tax liabilities	266	(2)	264	
Deferred tax liabilities	77	(3)	74	Table D
Liabilities held for sale	1,145	–	1,145	
Provisions	2,772	–	2,772	
Term funding from central banks	36,591	–	36,591	
Debt issues	139,275	(2,870)	136,405	
Bills payable and other liabilities	16,686	58	16,744	
Loan capital	34,111	–	34,111	Table E
Total liabilities	1,203,130	(2,679)	1,200,451	
Net assets	72,839	(45)	72,794	
Shareholders' Equity				
Ordinary Share capital	33,774	–	33,774	Row 1, Table A
Reserves	(1,583)	–	(1,583)	Row 3
Retained profits	40,643	(45)	40,598	Row 2
Shareholders' Equity attributable to Equity holders of the Bank	72,834	(45)	72,789	
Non-controlling interests	5	–	5	Table B
Total Shareholders' Equity	72,839	(45)	72,794	

¹ Reflects the deconsolidation of an insurance entity 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.

Appendices (continued)

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 23 \$M	Template Reference
Share Capital		
Total per Balance Sheet (Ordinary Share Capital) ¹	33,774	Row 1
Treasury Shares held by the Group's employee share scheme trusts (APRA specific adjustment)	147	Row 26a
Total Ordinary Share Capital and Treasury Shares	33,921	

Table B	31 Dec 23 \$M	Template Reference
Non-Controlling Interests		
Total per Balance Sheet ¹	5	
Less other non controlling interests not included in Capital	(5)	
Total per Capital Template	–	Row 5

Table C	31 Dec 23 \$M	Template Reference
Goodwill and Other Intangibles		
Total per Balance Sheet ¹	7,510	
Less capitalised software and other intangibles separately disclosed in template	(2,221)	
Total per Capital Template - Goodwill	5,289	Row 8
Other intangibles (including capitalised software) per Balance Sheet	2,221	
Less deferred tax liability associated with other intangibles	(56)	
Total per Capital Template - Other Intangibles	2,165	Row 9

Table D	31 Dec 23 \$M	Template Reference
Deferred Tax Assets		
Deferred tax assets per Balance Sheet ¹	3,315	
Less deferred tax liabilities per Balance Sheet ¹	(74)	
Net Deferred Tax Assets ²	3,241	
Adjustments required in accordance with APRA prudential standards ³	(86)	
Total per Capital Template	3,155	Row 26e

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, the general reserve for credit losses, intangibles, and the impact of limitations of netting of balances within the same geographic tax authority.

Appendices (continued)

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

Table E	31 Dec 23 \$M	Template Reference
Additional Tier 1 Capital		
Total Loan Capital per Balance Sheet ¹	34,111	
Add fair value hedge adjustments ²	2,543	
Total Loan Capital net of issue costs at their contractual values	36,654	
Less amount related to Tier 2 Capital Instruments	(25,857)	
Total Tier 1 Loan Capital	10,797	
Add issue costs ³	65	
Total per Capital Template	10,862	Row 36
Additional Tier 1 Capital Instruments comprises		
Basel III Complying Instruments		
PERLS X	1,365	
PERLS XI	1,590	
PERLS XII	1,650	
PERLS XIII	1,180	
PERLS XIV	1,750	
PERLS XV	1,777	
PERLS XVI	1,550	
Total Additional Tier 1 Capital Instruments	10,862	Row 36
Table F		
	31 Dec 23 \$M	Template Reference
Tier 2 Capital Instruments		
Total included in Balance Sheet	25,857	
Less amount of Tier 2 debt issued by subsidiary ineligible for inclusion in the Group's Capital	–	
Add issue costs ³	35	
Less amortisation of instruments ⁴	(521)	
Total per Capital Template	25,371	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 APRA requires these instruments to be amortised by 20% of the original amount during each of the last five years to maturity.

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

Appendices (continued)

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

Table G	31 Dec 23	Template
	\$M	Reference
Equity Investments		
Investment in commercial entities	172	Row 26g
Investments in significant financial entities	2,434	Row 26d, 73
Investments in non-significant financial entities	1,440	Row 26d, 72
	4,046	
Equity investment in non-consolidated subsidiaries ¹	89	Row 26d, 73
Total per Capital Template ²	4,135	

1 Equity investments are classified in the Level 2 Regulatory Balance Sheet across assets at fair value through income statement, investment securities, investment in regulatory non-consolidated subsidiaries and investment in associates and joint ventures. In addition, the Group has loans and undrawn commitments (off Balance Sheet) which are deemed equity in nature for regulatory capital purposes.

2 The aggregate of investments in significant financial entities of \$2,434 million, investments in non-significant financial entities of \$1,440 million and equity investment in non-consolidated subsidiaries of \$89 million is a total of \$3,963 million and is included in Row 26d in the Detailed Capital Disclosures Template. The remaining balance of \$172 million related to investments in commercial entities.

Countercyclical Capital Buffer

The Countercyclical Capital Buffer (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 3.5%. 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 ¹	Jurisdictional Buffer	ADI Specific Buffer ²	Template
	\$M	%	%	Reference
Country ³				
Australia	288,478	1.000	0.803506	
United Kingdom	3,567	2.000	0.019871	
Hong Kong	265	1.000	0.000739	
Luxembourg	248	0.500	0.000345	
Netherlands	211	1.000	0.000587	
Denmark	130	2.500	0.000906	
Norway	61	2.500	0.000422	
Others	66,065	0.000	0.000000	
Total	359,025		0.826376	Row 66

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

2 Calculated as each country share of total private sector credit and specific market RWA multiplied by the CCyB applicable in each country.

3 Represents country of ultimate risk as at 31 December 2023.

Appendices (continued)

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.

Entity name	Total Assets \$M	Total Liabilities \$M
(a) Securitisation		
Medallion Trust Series 2017-1	556	556
Medallion Trust Series 2017-2	679	679
Medallion Trust Series 2018-1	903	903
Medallion Trust Series 2018-1P	259	259
Medallion Trust Series 2019-1	498	498

Entity name	Total Assets \$M	Total Liabilities \$M
(b) Insurance		
CBA Captive Insurance Pte Ltd	147	20

Appendices (continued)

11.6 List of APRA APS 330 Tables

The following schedule lists the quantitative tables in this document as referenced in APS 330 paragraphs 13, 51 and Attachments A to H.

APS 330 Table	Title	Page No.
Para 13a	Regulatory Balance Sheet	69
Para 13b	Entities excluded from Level 2 Regulatory Consolidated Group	73
Para 13c and 13d	Reconciliation between Detailed Capital Disclosures Template and Regulatory Balance Sheet	70
Para 51 and 52	Summary Group Leverage Ratio	8
1	Detailed Capital Disclosures Template	65
1.2	Private sector credit exposures by geographic region (Countercyclical Capital Buffer)	72
2	Main features of capital instruments ¹	n/a
5a	Total securitisation activity for the reporting period	56
5b	Summary of total securitisation exposures retained or purchased	56
6b to 6f	Basel III Capital Requirements (RWA)	9
6e	Capital requirements for operational risk	61
6g	Capital ratios – Level 1 and Major Subsidiaries	7
6h	Capital requirements – residential mortgages	9, 10
6i	Capital requirements – IRB capital floor	10
7b	Credit risk exposure by portfolio type	15
7c	Credit risk exposure by portfolio type and geographic distribution	16
7d	Credit risk exposure by portfolio type and industry sector	18
7e	Credit risk exposure by portfolio type and residual contractual maturity	21
7f (i)	Non-performing, specific provisions and write-offs charged by industry sector	23
7f (ii)	Non-performing, specific provisions and write-offs charged by portfolio	25
7g (i)	Non-performing and specific provisions by geographic region	27
7g (ii)	General provisions by geographic region	27
7h (i)	Movement in collective provisions	28
7h (ii)	Movement in individual provisions	28
7i	Credit risk exposures by portfolio type and modelling approach	12
7j	Provisions held against performing exposures	22
8b	Exposures subject to standardised and supervisory risk weights	30
9b	Internal ratings structure for credit risk exposures and mapping to external ratings	31
9c	PD rating methodology by portfolio segment	31
9d (i)	Non-Retail exposures by portfolio type and PD band	32
9d (ii)	Retail exposures by portfolio type and PD band	35
9e	Actual losses by portfolio type	38
9f (i)	Historical loss analysis by portfolio type	40
9f (ii)	Accuracy of risk estimates – PD	41
9f (iii)	Accuracy of risk estimates – LGD and EAD	41
10b and 10c	Credit risk mitigation	42
11b (i)	Counterparty credit risk derivative exposure under the SA-CCR method	45
11b (ii)	Counterparty credit risk derivative exposure	45
11c	Counterparty credit risk derivative transactions	46
12g (i)	Banking book exposures securitised – traditional securitisation	47
12g (ii)	Banking book exposures securitised – synthetic securitisation	47
12h	Non-performing banking book exposures by asset type	48

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

Appendices (continued)

11.6 List of APRA APS 330 Tables (continued)

APS 330 Table	Title	Page No.
12i	Banking book exposures intended to be securitised	48
12j	Banking book activity for the reporting period	49
12k	Banking book securitisation exposures retained or purchased	50
12l (i)	Banking book exposure by risk weighting	51
12l (ii)	Banking book exposure deducted entirely from capital	52
12m	Banking book exposures subject to early amortisation	52
12n	Banking book resecuritisation exposures	52
12o	Trading book exposures securitised	52
12p	Trading book exposures intended to be securitised	52
12q	Trading book activity for the reporting period	52
12r	Trading book exposures subject to APS 116	52
12s	Trading book exposures retained or purchased subject to APS 120	53
12t (i)	Trading book exposures retained/purchased subject to IMA	53
12t (ii)	Trading book exposures subject to APS 120 by risk weighting	54
12u (i)	RWA of trading book exposures retained/purchased subject to IMA	54
12u (ii)	Capital requirements (RWA) of trading book exposures subject to APS 120 by risk weighting	55
12u (iii)	Trading book exposures entirely deducted from capital	56
12v	Trading book exposures subject to early amortisation	56
12w	Trading book resecuritisation exposures	56
13b	Traded Market Risk under the Standard Method	58
14f (i)	Value-at-Risk and Stressed Value-at-Risk for Trading Portfolios under the Internal Model Approach	58
14f (ii)	Summary Table of the Number of Back-Testing Outliers	59
14f (iii)	Details of Back-Testing Outliers	59
14f (iv)	Comparison of VaR estimates outliers with actual gains/losses experiences	59
16b to 16f	Equity investment exposures	57
17b	Interest Rate Risk in the Banking Book	60
18	Leverage ratio disclosure template	68
19	Summary comparison of accounting assets vs leverage ratio exposure measure	68
20	LCR disclosure template	62
21	NSFR disclosure template	63
22	Remuneration disclosures ¹	n/a
23	Potential G-SIB disclosure template ¹	n/a

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

Appendices (continued)

11.7 List of Supplemental Tables and Diagrams

Title/Description	Page No.
Summary Group Capital Adequacy Ratios (Level 2)	2
APS 330 reporting structure	3
Summary Group Capital Adequacy Ratios (Level 2)	6
Reconciliation of Australian Accounting Standards and APS 220 based credit provisions	22
Traded Market Risk RWA by Modelling Approach	59
Regulatory RWA (IRRBB)	60

Appendices (continued)

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 senior creditors in the event of a wind-up, and provides for fully discretionary capital distributions.
Advanced Internal Ratings-based (AIRB) Approach	This approach is used to measure credit risk in accordance with the Group's Basel III accreditation. From 1 January 2023, this allows the Group to use internal estimates of PD and LGD (excluding senior unsecured and subordinated corporate exposures), with supervisory estimates to be used for EAD for the purposes of calculating regulatory capital. Prior to 31 December 2022, PD, LGD and EAD internal estimates could be used for the purposes of calculating regulatory capital.
Advanced Measurement Approach (AMA)	Up until 1 January 2023, the methodology 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. From 1 January 2023, the Standardised Measurement Approach is used.
Alternative Liquid Assets (ALA)	Assets that qualify for inclusion in the numerator of the LCR in jurisdictions where there is insufficient supply of HQLA. No ALA are recognised in the LCR following the reduction of the CLF to zero on 1 January 2023.
APRA's Revised Capital Framework	Refers to APRA's revision to the ADI Capital Framework implemented from 1 January 2023.
ASB	ASB Bank Limited – a subsidiary of the Commonwealth Bank of Australia that is 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. The regulator of banks, insurance companies and superannuation funds, credit unions, building societies and friendly societies in Australia.
Authorised Deposit-taking Institution (ADI)	ADIs are corporations that are authorised under the Banking Act 1959 to carry on banking business in Australia.
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 III	Refers to the Basel Committee on Banking Supervision's framework for more resilient banks and banking systems issued in December 2010 (revised in June 2011), Capital requirements for bank exposures to central counterparties (July 2012), and the subsequent Basel III reforms finalised in December 2017.
Capital Floor	The capital floor is defined as the higher of total RWA as determined under the IRB approach, and 72.5% of total RWA as calculated under the standardised approach.
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 <i>Financial Instruments</i>).
Commercial Property	Basel asset class – a property exposure that is not a residential property or a land acquisition, development and construction exposure.
Committed Liquidity Facility (CLF)	The RBA provided the CLF to participating ADIs under the LCR, as a shortfall in Commonwealth government and semi-government securities existed in Australia. ADIs could draw under the CLF in a liquidity crisis against qualifying securities pledged to the RBA. APRA phased out sector-wide usage of the CLF to zero on 1 January 2023.
Common Equity Tier 1 (CET1) Capital	The highest quality of capital available to the Group reflecting the permanent and unrestricted commitment of funds that are freely available to absorb losses. It comprises ordinary share capital, retained earnings and reserves; less prescribed deductions.

Appendices (continued)

11.8 Glossary (continued)

Term	Definition
Corporate	Basel asset class – from 1 January 2023, this includes commercial credit risk where annual revenues are greater than or equal to \$75 million but less than \$750 million. Prior to this date annual revenues could be greater than or equal to \$50 million.
Corporate - Large	Basel asset class – applicable from 1 January 2023, and applies to commercial credit risk where annual revenues are more than \$750 million.
Credit Valuation Adjustment (CVA) Risk	The risk of mark-to-market losses related to deterioration in the credit quality of a derivative counterparty.
Domestic Public Sector Entity	Basel asset class – exposures that do not meet the definition of Sovereign exposures, but have a level of control or ownership by any level of the Australian Government or the RBA, including those which do not have specific revenue-raising powers.
Exposure at Default (EAD)	The extent to which the Group 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 <i>Associations with Related Entities</i> .
External Credit Assessment Institution (ECAI)	For example: Moody's Investor Services, S&P Global Ratings or Fitch Ratings.
Financial Institution	Basel asset class – primarily includes exposures which relate to: banking, the management of financial assets, lending, factoring, leasing, provision of credit enhancements, securitisation, investments, financial custody, central counterparty services, and proprietary trading.
Foundation Internal Ratings-based (FIRB) Approach	This approach is applicable from 1 January 2023, and 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 and rely on supervisory estimates for LGD and EAD for the purposes of calculating regulatory capital.
General Provisions	Collective Provisions classified as Stage 1 and Stage 2 in accordance with Australian Accounting Standards (AASB 9 <i>Financial Instruments</i>). All Stage 2 provisions are held on a purely forward-looking basis for future losses presently unidentified; hence all Stage 2 provisions (together with Stage 1) are classified as General Provisions.
General Reserve for Credit Losses (GRCL)	The Group continued to disclose the GRCL, which was retired from 1 January 2022 under Prudential Standard APS 220 <i>Credit Risk Management</i> , until changes under APS 330 came into effect from 1 January 2023. The former APS 220 <i>Credit Quality</i> required the Group to establish a reserve that covered 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 was recognised as a deduction from CET1 under the former standard.
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 achieved in a timely manner.
Individual provisions	Provisions made against individual facilities 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 <i>Financial Instruments</i>). 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 by 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 2023 Basel III Pillar 3 report, and section 8.2.
Land Acquisition Development or Construction (ADC)	Basel asset class – exposures secured by land acquired for development and construction purposes, or development and construction of any residential or commercial property.
Level 1	The Parent Bank (Commonwealth Bank of Australia), 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 business and certain entities through which securitisation of Group assets is conducted. This is the basis on which this report has been produced.
Level 3	The conglomerate group including the Group's insurance entity and qualifying securitisation entities.

Appendices (continued)

11.8 Glossary (continued)

Term	Definition
Leverage Ratio	Tier 1 Capital divided by total exposures, expressed as a percentage.
Liquidity Coverage Ratio (LCR)	The LCR is a quantitative liquidity measure that is part of the Basel III reforms. It was implemented by APRA in Australia on 1 January 2015. It requires Australian ADIs to hold sufficient liquid assets to meet 30 day net cash outflows projected under an APRA-prescribed stress scenario.
Loss Given Default (LGD)	An estimate of the expected severity of loss for a credit exposure following a default event. LGD represents the fraction of EAD that is not expected to be recovered following default.
Monte Carlo simulation	A method of random sampling to achieve numerical solutions to mathematical problems.
Net Cash Outflows (NCO)	Net cash outflows in the LCR are calculated by applying prescribed run-off factors on liabilities and various off Balance Sheet exposures that can generate a cash outflow in the next 30 days.
Net Stable Funding Ratio (NSFR)	The NSFR 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.
Non-performing	An exposure that is in default.
Operational Risk under the Standardised Measurement Approach	From 1 January 2023, the methodology used to measure operational risk, utilising an APRA prescribed formulaic approach which is largely dependent on profit or loss from ordinary banking activities.
Other Assets	Basel asset class – primarily includes Cash Items, Investments in Related Entities, Fixed Assets, Lease 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 when it is otherwise outside contracted arrangements.
Probability of Default (PD)	The PD reflects a borrower's ability to generate sufficient cash flows in the future to meet the terms of all of its credit obligations to the Group.
Prudential Capital Requirement (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 less than \$0.1 million to individuals, unsecured and unconditionally cancellable by the Group. Only Australian retail credit cards qualify for this asset class.
RBA	Reserve Bank of Australia.
RBNZ	Reserve Bank of New Zealand.
RBNZ regulated entities	All references to RBNZ regulated entities refer to RBNZ regulated subsidiaries and include ASB exposures for which RWA are calculated using the RBNZ's prudential rules subject to certain APRA-prescribed adjustments.
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 Retail, AIRB and FIRB approaches of 1.10 (31 December 2022: 1.06). This is also applied to advanced exposures within RBNZ regulated entities.
Securities Financing Transactions (SFT)	APRA defines securities financing transactions as transactions such as repurchase agreements, reverse repurchase agreements, 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 – from 1 January 2023, Small and Medium Enterprise (SME) commercial credit risk where annual revenues are less than \$75 million. Prior to this date, this asset class was applicable to SME commercial credit risk where annual revenues were less than \$50 million.
SME Retail	Basel asset class – from 1 January 2023, Small and Medium Enterprise (SME) commercial credit risk where annual revenues are less than \$75 million and exposures are less than \$1.5 million (previously \$1.0 million).
Sovereign	Basel asset class – primarily claims on Australian and foreign governments, central banks (including the RBA), international banking agencies and regional development banks.

Appendices (continued)

11.8 Glossary (continued)

Term	Definition
Specialised Lending	Basel asset classes subject to the supervisory slotting approach which include: object finance, project finance and commodity finance. Prior to 1 January 2023, Income Producing Real Estate exposures were also subject to the supervisory slotting approach.
Specific Provisions	<p>All provisions, both collectively and individually assessed, classified as Stage 3 in accordance with Australian Accounting Standards (AASB 9 <i>Financial Instruments</i>).</p> <p>The Group continued to disclose Specific Provisions as required under the former Prudential Standard APS 220 <i>Credit Quality</i>, which was retired from 1 January 2022, until changes under APS 330 came into effect from 1 January 2023. The former APS 220 required 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).</p>
Stage 1	On origination, an impairment provision equivalent to 12 months expected credit losses (ECL) is recognised, reflecting the credit losses expected to arise from defaults occurring over the next 12 months.
Stage 2	Financial assets that have experienced a significant increase in credit risk (SICR) since origination are transferred to Stage 2 and an impairment provision equivalent to lifetime ECL is recognised. Lifetime ECL is the credit losses expected to arise from defaults occurring over the remaining life of financial assets. If credit quality improves in a subsequent period such that the increase in credit risk since origination is no longer considered significant the exposure is reclassified to Stage 1 and the impairment provision reverts to 12 months ECL.
Stage 3	Non-performing (defaulted) financial assets are transferred to Stage 3 and an impairment provision equivalent to lifetime ECL is recognised.
Standardised Approach	An alternate approach to the assessment of credit, operational and traded market risk whereby an ADI uses external ratings agencies to assist in 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 Additional Tier 1 Capital.
Tier 2 Capital	Capital items that fall short of the necessary conditions to qualify as Tier 1 Capital.
Total Capital	Comprises CET1, Additional Tier 1 Capital and Tier 2 Capital.
Total Exposures (as used in the leverage ratio)	The sum of on Balance Sheet items, derivatives, securities financing transactions (SFTs), and off Balance Sheet items, net of any Tier 1 regulatory deductions that are already included in these items, as outlined in APS 110 <i>Capital Adequacy</i> (APS 110) 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.