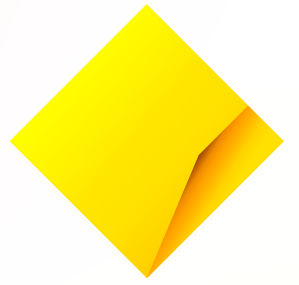


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# Basel III Pillar 3

Capital Adequacy and Risk  
Disclosures as at 30 June 2024

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The release of this announcement was authorised by the Board.

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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 reporting requirements set out in APRA Prudential Standard (APS) 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 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 an insurance entity 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://www.commbank.com.au/regulatorydisclosures)

## The Group in Review

|   | 30 Jun 24   | 31 Dec 23   | 30 Jun 23   |
|---|-------------|-------------|-------------|
| Summary Group Capital Adequacy Ratios (Level 2) | %           | %           | %           |
| Common Equity Tier 1                            | 12.3        | 12.3        | 12.2        |
| Additional Tier 1                               | 2.0         | 2.4         | 2.3         |
| Tier 1  | 14.3        | 14.7        | 14.5        |
| Tier 2  | 6.6         | 5.8         | 5.5         |
| <b>Total Capital</b>                            | <b>20.9</b> | <b>20.5</b> | <b>20.0</b> |

## Group Capital Ratios

As at 30 June 2024, the Group's Basel III Common Equity Tier 1 (CET1), Tier 1 and Total Capital ratios were 12.3%, 14.3% and 20.9%, 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 30 June 2024.

## 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 June 2024 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 116% at 30 June 2024.

## 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.

The Group is required to report the calculation of RWA and the assessment of capital adequacy on a Level 2 basis (see section 3, page 4 for further details). APRA has set minimum regulatory capital requirements for ADIs. These requirements define what is acceptable as capital and provide for methods of measuring the risks incurred by banks so that the “need” for capital can be compared to the amount of capital “at hand”. The Basel Regulatory Capital Framework is based on “three pillars” as summarised below.

| Basel Capital Framework  |  |  |
|--|--|--|
| <b>Pillar 1</b><br>Minimum Capital Requirements  | <b>Pillar 2</b><br>Supervisory Review Process  | <b>Pillar 3</b><br>Market Discipline   |
| Credit Risk<br>Interest Rate Risk in the Banking Book <sup>1</sup><br>Traded Market Risk<br>Operational Risk | Firm-wide risk oversight<br>Internal Capital Adequacy Assessment<br>Process considers: additional risks, capital buffers and targets and risk concentrations | Regular disclosure to the market covering both qualitative and quantitative aspects of capital adequacy and risk disclosures |

<sup>1</sup> Applicable to Pillar 1 in Australia only (Pillar 2 elsewhere).

### Pillar 1 – Minimum Capital Requirements

#### Basel II

In December 2007, APRA granted advanced Basel II accreditation to the Group to calculate RWA and the assessment of capital adequacy in accordance with Pillar 1.

Adoption of advanced methodologies prescribed under Basel II was effective from 1 January 2008.

As a result of receiving advanced Basel II accreditation, the Group predominantly used the AIRB approach for credit risk and the AMA for operational risk in the calculation of RWA from 1 January 2008 until 31 December 2022. Portfolios that attract the Standardised approach are discussed in section 8.3 “Portfolios Subject to Standardised and Supervisory Risk Weights” (page 39).

The Group incorporates measured IRRBB in its regulatory capital calculations with effect from 1 July 2008, as required by APRA for Australian ADIs (this is not a Pillar 1 requirement in other jurisdictions).

The Basel II enhancements announced in July 2009, relating to securitisation and market risk, were implemented on 1 January 2012. These enhancements are commonly referred to as Basel 2.5.

#### Basel III

APRA has implemented a set of capital, liquidity and funding reforms based on the Basel Committee on Banking Supervision (BCBS) “Basel III” framework. The objectives of the reforms are to increase the quality, consistency and transparency of capital, to enhance the risk coverage framework, and to reduce systemic and pro-cyclical risk.

Up until 1 January 2023, the APRA prudential standards required a minimum CET1 capital ratio or Prudential Capital Requirement (PCR) of 4.5%. An additional CET1 capital conservation buffer (CCB) of 3.5%, inclusive of a Domestic Systemically Important Bank (DSIB) requirement of 1% and a countercyclical capital buffer (CCyB) of 0%, brought the minimum CET1 ratio requirement to 8%.

Additionally under this capital framework, APRA’s expectation was that the Australian major banks operate for the majority of the year with a CET1 capital ratio of 10.5% or more.

From 1 January 2023, APRA implemented its revisions to the ADI capital framework, which included a 2.25% increase in the CCB, inclusive of a 1% CCyB, bringing the total CET1 requirement to 10.25%. Further details of these changes are provided on page 6.

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

### Pillar 2 – Supervisory Review Process

#### ICAAP

Under Pillar 2, APRA requires each bank to have in place and report confidentially its Internal Capital Adequacy Assessment Process (ICAAP). The Group updates the ICAAP annually. The ICAAP document provides details on:

- The Group’s capital position and regulatory minimums;
- A three year capital forecast;
- Stress testing and contingent capital planning;
- Key capital management policies; and
- Details on key processes and supporting frameworks.

### Pillar 3 – Market Discipline

#### Disclosures

To enhance transparency in Australian financial markets, APRA established a set of requirements within APS 330 for the public disclosure of information on the risk management practices and capital adequacy of ADIs (pursuant to Pillar 3).

Pillar 3 qualitative and quantitative disclosures are made in detail in this document as part of the Group’s 30 June 2024 financial year reporting. Detailed quantitative information is released at the Group’s December half year with summarised quantitative information released for March and September quarters. These reports are published on the Group’s corporate website, together with the Group’s APS 330 public disclosure of capital instruments and remuneration:

[Commbank.com.au/regulatorydisclosures](https://www.commbank.com.au/regulatorydisclosures).

### 3

## Scope of Application

This document has been prepared in accordance with the 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 an insurance entity and certain entities through which securitisation of Group assets is conducted; and
- **Level 3:** the conglomerate group including the Group's insurance entity<sup>1</sup> (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 8).

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. applies 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.

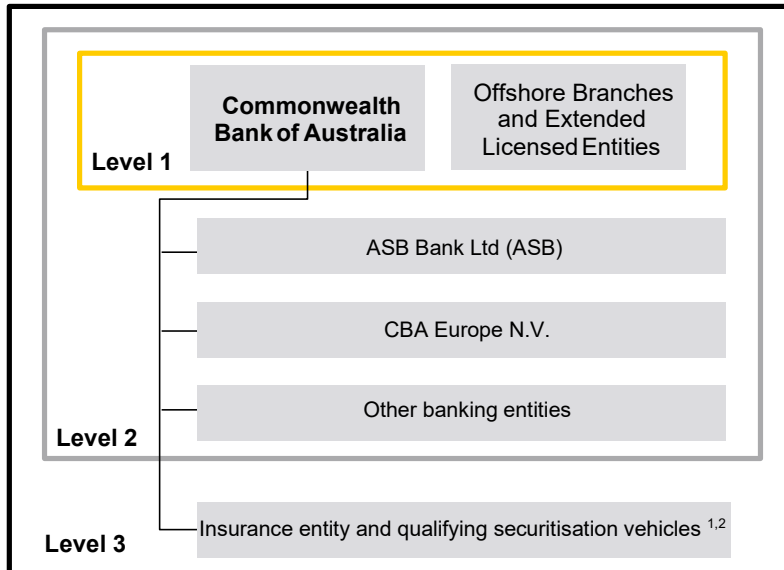
On 1 May 2024, the Group completed the sale of its 99% shareholding in PT Bank Commonwealth (PTBC) to PT Bank OCBC NISP Tbk (OCBC Indonesia), a subsidiary of Oversea-Chinese Banking Corporation Limited (OCBC).

### 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



<sup>1</sup> A detailed list of non-consolidated entities is provided in Appendix 13.5.

<sup>2</sup> Securitisation that meets APRA's operational requirements for regulatory capital relief under APS 120 *Securitisation* (APS 120).

### Capital Adequacy

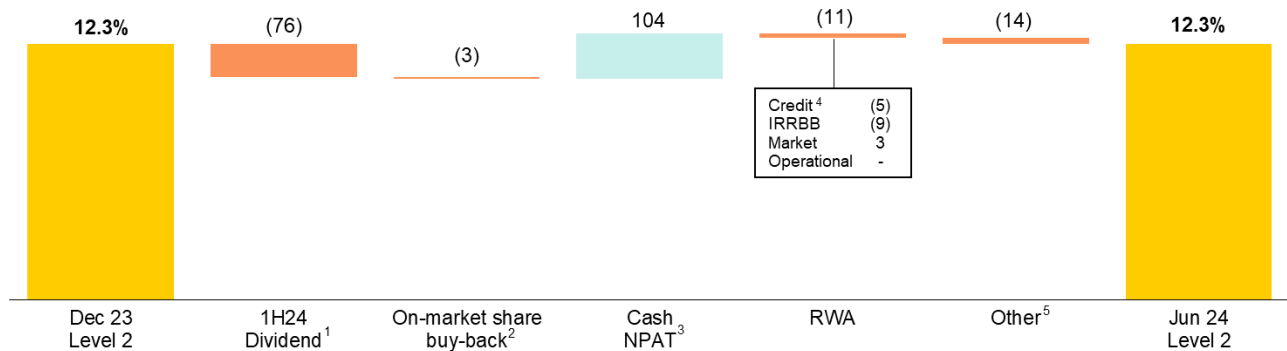
The Group actively manages its capital to balance the perspectives of various stakeholders (regulators, rating agencies and shareholders). This is achieved by optimising the mix of capital, while maintaining adequate capital ratios throughout the financial year. The Group's capital is managed within 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 buy-backs, 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.

Capital – CET1 (APRA)



- The 2024 interim dividend included the on-market purchase of \$481 million of shares (CET1 impact of -10 bpts) in respect of the Dividend Reinvestment Plan.
- On 9 August 2023, the Group announced its intention to conduct an on-market share buy-back of up to \$1 billion of CBA ordinary shares. As at 30 June 2024, the Group has completed \$282 million (2,588,964 ordinary shares at an average price of \$108.84). \$128 million of this was completed across 2H24 (1,071,576 ordinary shares bought back at an average price of \$119.24 per share).
- Excludes net equity accounted profits/losses and impairments from associates as they are capital neutral with offsetting changes in regulatory capital deductions.
- Excludes impact of foreign exchange movements which is included in 'Other'.
- Includes the impact of intangibles, FX impact on Credit RWA, equity accounted profits/losses and impairments from associates, movements in reserves and other regulatory adjustments.

### Capital Position

The Group's CET1 ratio (APRA) was 12.3% as at 30 June 2024, in line with 31 December 2023 and an increase of 10 basis points from 30 June 2023. The CET1 ratio was well above APRA's regulatory requirement at all times throughout the full year ended 30 June 2024.

Key drivers of the change in CET1 for the 6 months ended 30 June 2024 were:

- Capital generated from earnings; offset by

- Higher Credit Risk and IRRBB RWA, partly offset by lower Traded Market Risk RWA;
- The payment of the 1H24 dividend;
- Completion of a further \$128 million of the previously announced \$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 10-12.

# Capital (continued)

## Capital Initiatives

In addition to the on-market share buy-backs, the following significant capital initiatives were undertaken during the year ended 30 June 2024:

### Common Equity Tier 1 Capital

The Dividend Reinvestment Plan (DRP) in respect of both the 2023 final dividend and the 2024 interim dividend, was satisfied in full by the on-market purchase of shares. The participation rates were 18.1% and 13.4%, respectively.

### Additional Tier 1 Capital

In April 2024, the Group redeemed \$1,590 million of CommBank PERLS XI Capital Notes that are Basel III compliant Additional Tier 1 Capital.

### Tier 2 Capital

The Group issued the following Basel III compliant subordinated notes:

- AUD85 million in September 2023;
- Two subordinated notes totalling AUD1,250 million in October 2023;
- AUD300 million in December 2023;
- USD1,250 million in March 2024; and
- EUR1,000 million in June 2024.

## 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.

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%<sup>1</sup>. The CCyB, which may be varied by APRA in the range of 0%-3.5%, 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 requirement as at 30 June 2024 was 11.75%.

To satisfy APRA's loss-absorbing capacity requirements, the minimum total capital ratio requirement for D-SIBs, including CBA, has increased from 13.75% to 16.75% effective from 1 January 2024. From 1 January 2026, the requirement will increase to 18.25%.

## Regulatory Developments

### IRRBB Consultation

On 8 July 2024, APRA released the final revised 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), following the November 2022 and December 2023 consultations on proposed changes to the standard. The revised APS117 will come into effect on 1 October 2025.

<sup>1</sup> In July 2024, 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 while Tier 2 Capital can contribute up to a maximum of 2% of the Total capital requirement.

As at 30 June 2024, the CET1, Tier 1 and Total capital ratio requirements for ASB were 9%, 10.5% and 12.5%, respectively. Effective 1 July 2024, the Tier 1 and Total capital ratio requirements for ASB increased to 11.5% and 13.5%, 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.

## 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.

## 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.

## 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 ensuring that ADIs have strong crisis preparedness, prudently value their liquid assets and minimise potential contagion risks. APRA intends to finalise the consultation in 2024, ahead of implementation from 1 January 2025.



# Capital (continued)

## Group Regulatory Capital Position

|   | 30 Jun 24   | 31 Dec 23   | 30 Jun 23   |
|---|-------------|-------------|-------------|
| Summary Group Capital Adequacy Ratios (Level 2) | %           | %           | %           |
| Common Equity Tier 1                            | 12.3        | 12.3        | 12.2        |
| Additional Tier 1                               | 2.0         | 2.4         | 2.3         |
| Tier 1  | 14.3        | 14.7        | 14.5        |
| Tier 2  | 6.6         | 5.8         | 5.5         |
| <b>Total Capital</b>                            | <b>20.9</b> | <b>20.5</b> | <b>20.0</b> |

|  | 30 Jun 24      | 31 Dec 23      | 30 Jun 23      |
|--|----------------|----------------|----------------|
| Group Regulatory Capital Position                          | \$M            | \$M            | \$M            |
| Ordinary share capital and treasury shares                 | 33,793         | 33,921         | 34,075         |
| Reserves   | (2,147)        | (1,583)        | (2,295)        |
| Retained earnings  | 41,546         | 40,598         | 39,965         |
| Common Equity Tier 1 Capital before regulatory adjustments | 73,192         | 72,936         | 71,745         |
| Common Equity Tier 1 regulatory adjustments                | (15,501)       | (15,705)       | (14,836)       |
| Common Equity Tier 1 Capital                               | 57,691         | 57,231         | 56,909         |
| Additional Tier 1 Capital                                  | 9,272          | 10,862         | 10,862         |
| Tier 1 Capital   | 66,963         | 68,093         | 67,771         |
| Tier 2 Capital   | 30,828         | 27,147         | 26,009         |
| <b>Total Capital</b>                                       | <b>97,791</b>  | <b>95,240</b>  | <b>93,780</b>  |
| <b>Risk Weighted Assets</b>                                | <b>467,551</b> | <b>463,644</b> | <b>467,992</b> |

Further details on the composition of the Group's capital are detailed in Appendix 13.1.

# Capital (continued)

## Group Regulatory Capital Position (continued)

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

|                                       | 30 Jun 24 | 31 Dec 23 | 30 Jun 23 |
|---------------------------------------|-----------|-----------|-----------|
|                                       | %         | %         | %         |
| <b>Significant Group ADIs</b>         |           |           |           |
| CBA Level 1 CET1 Capital ratio        | 12.4      | 12.5      | 12.5      |
| CBA Level 1 Tier 1 Capital ratio      | 14.6      | 15.1      | 15.0      |
| CBA Level 1 Total Capital ratio       | 21.8      | 21.5      | 21.1      |
| ASB CET1 Capital ratio <sup>1</sup>   | 14.9      | 14.1      | 14.3      |
| ASB Tier 1 Capital ratio <sup>1</sup> | 14.9      | 14.1      | 14.3      |
| ASB Total Capital ratio <sup>1</sup>  | 16.3      | 15.5      | 15.7      |

<sup>1</sup> Calculated in accordance with the RBNZ Prudential Requirements.

|                              | 30 Jun 24      | 31 Dec 23      | 30 Jun 23      |
|------------------------------|----------------|----------------|----------------|
|                              | \$M            | \$M            | \$M            |
| <b>CBA Level 1</b>           |                |                |                |
| Common Equity Tier 1 Capital | 52,621         | 52,731         | 52,924         |
| Additional Tier 1 Capital    | 9,272          | 10,862         | 10,862         |
| Tier 1 Capital               | 61,893         | 63,593         | 63,786         |
| Tier 2 Capital               | 30,586         | 26,798         | 25,633         |
| <b>Total Capital</b>         | <b>92,479</b>  | <b>90,391</b>  | <b>89,419</b>  |
| <b>Risk Weighted Assets</b>  | <b>425,161</b> | <b>420,772</b> | <b>424,650</b> |

|                                       | 30 Jun 24     | 31 Dec 23     | 30 Jun 23     |
|---------------------------------------|---------------|---------------|---------------|
|                                       | NZ\$M         | NZ\$M         | NZ\$M         |
| <b>ASB Banking Group <sup>1</sup></b> |               |               |               |
| Common Equity Tier 1 Capital          | 10,635        | 9,964         | 10,109        |
| Additional Tier 1                     | –             | –             | –             |
| Tier 1 Capital                        | 10,635        | 9,964         | 10,109        |
| Tier 2 Capital                        | 1,003         | 972           | 1,034         |
| <b>Total Capital</b>                  | <b>11,638</b> | <b>10,936</b> | <b>11,143</b> |
| <b>Risk Weighted Assets</b>           | <b>71,415</b> | <b>70,673</b> | <b>70,780</b> |

<sup>1</sup> Calculated in accordance with the RBNZ Prudential Requirements.

## 5

## Leverage Ratio

The Group's leverage ratio, defined as Tier 1 Capital as a percentage of total exposures, was 5.0% at 30 June 2024. The ratio was flat on the prior half, with the impact of capital generated from earnings and lower exposures offset by the redemption of PERLS XI and payment of the 1H24 dividend.

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 <sup>1</sup> | 30 Jun 24  | 31 Mar 24 | 31 Dec 23 | 30 Sep 23 | 30 Jun 23 |
|---|------------|-----------|-----------|-----------|-----------|
| Tier 1 Capital (\$M)                      | 66,963     | 66,853    | 68,093    | 66,359    | 67,771    |
| Total Exposures (\$M) <sup>2</sup>        | 1,339,175  | 1,369,458 | 1,362,098 | 1,347,663 | 1,334,426 |
| <b>Leverage Ratio (%)</b>                 | <b>5.0</b> | 4.9       | 5.0       | 4.9       | 5.1       |

<sup>1</sup> Refer to Appendix 13.2 for further details on the composition of the leverage ratio.

<sup>2</sup> Total exposures is the sum of on balance sheet exposures, derivatives, securities financing transactions (SFTs), and off balance sheet exposures, net of any Tier 1 regulatory deductions, as outlined in APS 110 *Capital Adequacy* (APS 110). Refer to Appendix 13.2 for the calculation of the 30 June 2024 exposures.

## 6 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 30 June 24 |             |
|---|----------------------|------------------|------------------|------------------------------|-------------|
|   | 30 Jun 24<br>\$M     | 31 Dec 23<br>\$M | 30 Jun 23<br>\$M | \$M                          | %           |
| <b>Credit risk</b>                                |                      |                  |                  |                              |             |
| <b>Subject to AIRB approach <sup>1</sup></b>      |                      |                  |                  |                              |             |
| Corporate (incl. SME corporate) <sup>2</sup>      | 86,125               | 83,483           | 80,251           | 2,642                        | 3           |
| SME retail  | 10,819               | 10,235           | 10,189           | 584                          | 6           |
| Residential mortgage <sup>3</sup>                 | 145,229              | 143,896          | 147,716          | 1,333                        | 1           |
| Qualifying revolving retail                       | 5,372                | 5,336            | 5,584            | 36                           | 1           |
| Other retail                                      | 9,105                | 8,746            | 8,554            | 359                          | 4           |
| <b>Total RWA subject to AIRB approach</b>         | <b>256,650</b>       | <b>251,696</b>   | <b>252,294</b>   | <b>4,954</b>                 | <b>2</b>    |
| <b>Subject to FIRB approach <sup>1</sup></b>      |                      |                  |                  |                              |             |
| Corporate - large <sup>2</sup>                    | 27,048               | 26,216           | 22,466           | 832                          | 3           |
| Sovereign   | 2,378                | 2,349            | 2,173            | 29                           | 1           |
| Financial institution                             | 10,184               | 12,633           | 10,857           | (2,449)                      | (19)        |
| <b>Total RWA subject to FIRB approach</b>         | <b>39,610</b>        | <b>41,198</b>    | <b>35,496</b>    | <b>(1,588)</b>               | <b>(4)</b>  |
| <b>Specialised lending</b>                        | <b>3,660</b>         | <b>3,514</b>     | <b>3,868</b>     | <b>146</b>                   | <b>4</b>    |
| <b>Subject to standardised approach</b>           |                      |                  |                  |                              |             |
| Corporate (incl. SME corporate)                   | 1,023                | 779              | 530              | 244                          | 31          |
| SME retail  | 628                  | 642              | 937              | (14)                         | (2)         |
| Sovereign   | 1                    | 227              | 261              | (226)                        | (100)       |
| Residential mortgage                              | 6,953                | 6,885            | 7,046            | 68                           | 1           |
| Other retail                                      | 237                  | 519              | 604              | (282)                        | (54)        |
| Other assets                                      | 6,686                | 8,298            | 8,303            | (1,612)                      | (19)        |
| <b>Total RWA subject to standardised approach</b> | <b>15,528</b>        | <b>17,350</b>    | <b>17,681</b>    | <b>(1,822)</b>               | <b>(11)</b> |
| Securitisation                                    | 3,214                | 3,247            | 3,316            | (33)                         | (1)         |
| Credit valuation adjustment                       | 2,873                | 2,846            | 2,226            | 27                           | 1           |
| Central counterparties                            | 160                  | 165              | 101              | (5)                          | (3)         |
| RBNZ regulated entities                           | 48,749               | 48,719           | 47,887           | 30                           | –           |
| <b>Total RWA for credit risk exposures</b>        | <b>370,444</b>       | <b>368,735</b>   | <b>362,869</b>   | <b>1,709</b>                 | <b>–</b>    |
| Traded market risk                                | 8,488                | 9,627            | 15,390           | (1,139)                      | (12)        |
| Interest rate risk in the banking book            | 43,644               | 40,307           | 46,578           | 3,337                        | 8           |
| Operational risk                                  | 44,975               | 44,975           | 43,155           | –                            | –           |
| <b>Total risk weighted assets</b>                 | <b>467,551</b>       | <b>463,644</b>   | <b>467,992</b>   | <b>3,907</b>                 | <b>1</b>    |

<sup>1</sup> Pursuant to APRA requirements, RWA amounts 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.

<sup>2</sup> Includes Corporate PD model overlays of \$4.2 billion as at 30 June 2024 and 31 December 2023 (30 June 2023: \$3.5 billion).

<sup>3</sup> As a condition of APRA's approval of the Residential Mortgage LGD model, a \$7.4 billion RWA overlay has been applied at 30 June 2024, 31 December 2023 and 30 June 2023.

## Risk Weighted Assets (continued)

Table 6i – Capital Floor

|   | 30 Jun 24<br>\$M | 31 Dec 23<br>\$M | 30 Jun 23<br>\$M |
|---|------------------|------------------|------------------|
| <b>Risk weighted assets under the standardised approach</b> |                  |                  |                  |
| Credit risk <sup>1</sup>                                    | 554,301          | 550,995          | 535,933          |
| Traded market risk  | 8,488            | 9,627            | 15,390           |
| Operational risk  | 44,975           | 44,975           | 43,155           |
| Interest rate risk in the banking book                      | n/a              | n/a              | n/a              |
| <b>Total</b>  | <b>607,764</b>   | <b>605,597</b>   | <b>594,478</b>   |
| <b>Risk weighted assets prior to application of floor</b>   |                  |                  |                  |
| Credit risk   | 370,444          | 368,735          | 362,869          |
| Traded market risk  | 8,488            | 9,627            | 15,390           |
| Operational risk  | 44,975           | 44,975           | 43,155           |
| Interest rate risk in the banking book                      | 43,644           | 40,307           | 46,578           |
| <b>Total</b>  | <b>467,551</b>   | <b>463,644</b>   | <b>467,992</b>   |
| <b>Capital Floor at 72.5%</b>                               | <b>440,629</b>   | <b>439,058</b>   | <b>430,997</b>   |
| <b>Capital floor adjustment</b>                             | <b>–</b>         | <b>–</b>         | <b>–</b>         |

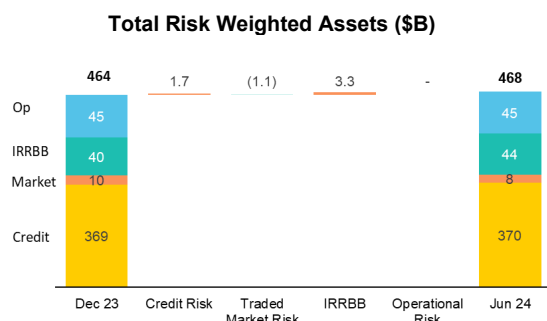
<sup>1</sup> RWA for residential mortgages (excluding RBNZ regulated subsidiaries) measured under the retail IRB approach is \$224 billion (31 Dec 2023: \$219 billion; 30 June 2023: \$220 billion) when calculated under the standardised approach.

# Risk Weighted Assets (continued)

## Risk Weighted Assets <sup>1</sup>

### Total Group RWA

Total RWA increased \$3.9 billion or 0.8% on the prior half to \$467.6 billion, mainly driven by higher IRRBB and Credit RWA, partly offset by lower Traded Market Risk RWA.



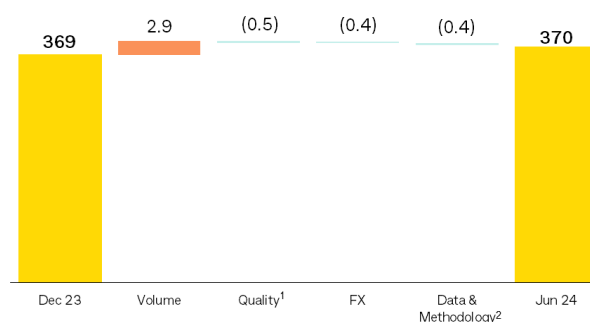
### Credit Risk RWA

Credit Risk RWA increased \$1.7 billion or 0.5% on the prior half to \$370.4 billion. Key drivers include:

- Volume growth (increase of \$2.9 billion) across domestic residential mortgages, commercial portfolios, and unsecured retail portfolios; partly offset by reductions in financial institution and sovereign exposures, divestment of PTBC, and other assets; partly offset by
- Credit quality (decrease of \$0.5 billion), driven by improvement in loan-to-valuation ratios (LVR) for domestic residential mortgages; partly offset by higher risk weights across commercial and New Zealand portfolios, and lower holdings of investment grade bonds following repayment of the Term Funding Facility;
- Foreign currency movements (decrease of \$0.4 billion); and
- Data & methodology (decrease of \$0.4 billion).

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

### Credit Risk Weighted Assets (\$B)



<sup>1</sup> Credit quality includes portfolio mix.

<sup>2</sup> Includes data and methodology, credit risk estimates changes and regulatory treatments.

### Traded Market Risk RWA

Traded market risk RWA decreased by \$1.1 billion or 12% on the prior half year to \$8.5 billion primarily driven by the removal of the APRA RNIV capital overlay.

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

IRRBB RWA increased by \$3.3 billion or 8% on the prior half to \$43.6 billion, driven by higher basis risks.

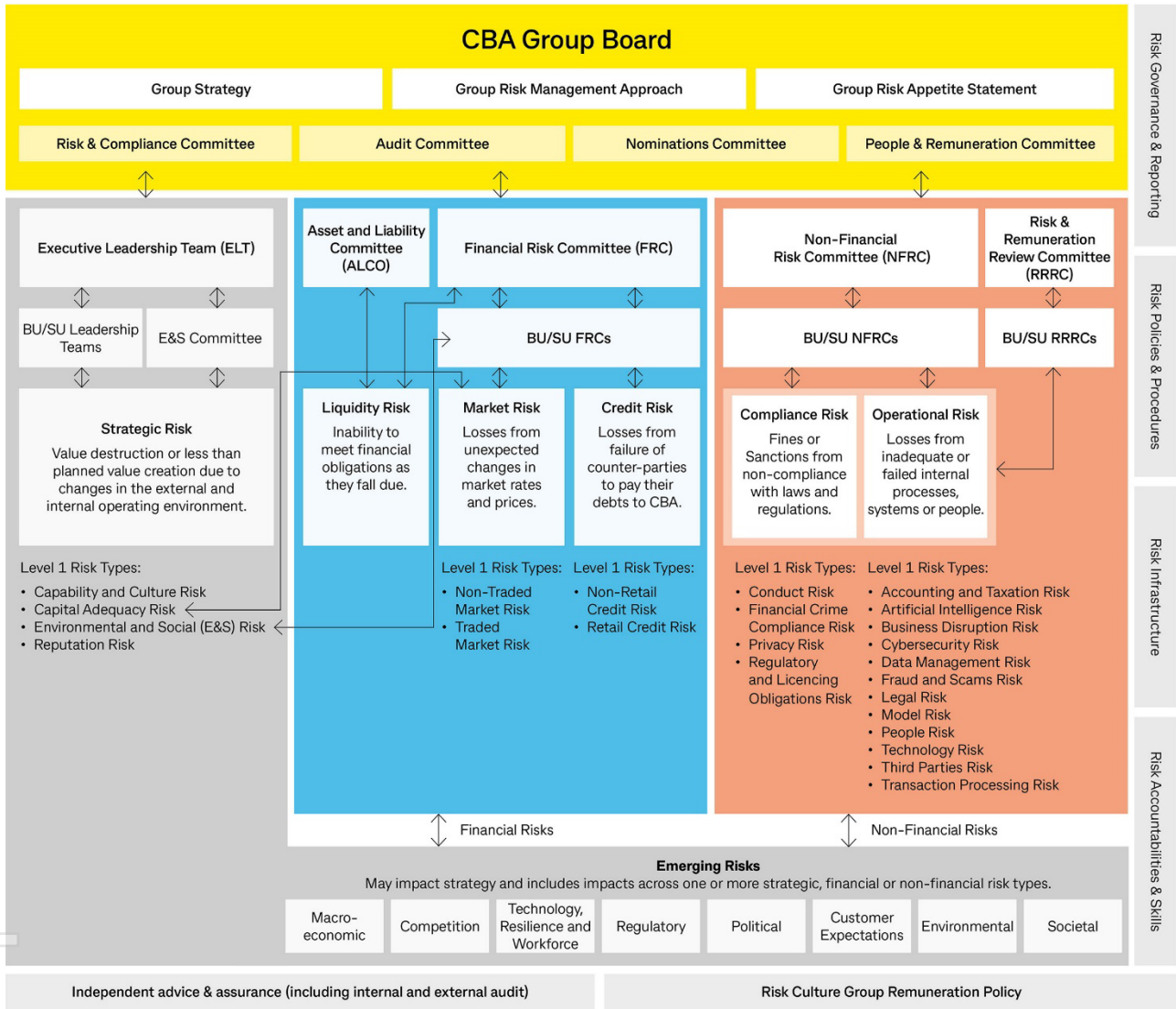
### Operational Risk RWA

As required by APS 115, operational risk RWA as at 30 June 2024 and 31 December 2023 were 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 are flat on the prior half.

# 7

## Risk Management

The Group is exposed to financial, non-financial and strategic risks through the products and services it offers. The Group manages these risks through its Risk Management Framework (RMF), which evolves to accommodate changes in the business operating environment, better risk practices, and regulatory and community expectations. The components of the RMF are illustrated below, including the governance that enables executive and Board oversight of these risks.



Further details on each of the material risks, and how the Group manages them, are outlined in this section.

### Risk Management Framework

The RMF comprises the systems, structures, policies, processes and people that identify, measure, evaluate, monitor, report and control or mitigate both internal and external sources of material risk. It incorporates three key documents:

- The Group's Business Plan (consisting of the Group's strategic priorities and the Financial Plan) sets out the approach to implement the Group's strategic objectives;
- The Group Risk Appetite Statement (RAS) that establishes the type and degree of risk the Board is prepared to accept

and the maximum level of risk that the Group must operate within whilst executing the Group Strategy; and

- The Group Risk Management Approach (RMA) that sets out the Board and the Executive Leadership Team's expectations regarding the Group's approach to managing risk and the key elements of the RMF that give effect to this approach.

# Risk Management (continued)

## Risk Management Framework (continued)

The RMF is underpinned by Risk Framework Enablers that allow us to effectively identify, assess, record, manage and monitor our material risks.

### Risk Governance and Reporting

The Board operates as the highest level of the Group's risk governance. The Risk and Compliance Committee oversees the RMF and helps formulate the Group's risk appetite for consideration by the Board. In particular it:

- Monitors the Group's risk profile (including identification of emerging risks); and
- Reviews regular reports from management on the measurement of risk and the adequacy and effectiveness of the Group's risk management and internal control systems.

At management level, risk governance is undertaken by a structured hierarchy of personal delegations, management committees and forums across the Group.

Regular management information is produced which allows financial, strategic and non-financial risk positions to be monitored against approved risk appetite and policy limits. At Board level, the majority of risk reporting is provided to the Risk and Compliance Committee, although select matters are reported directly to the Board as required. Controls reporting is provided to the Audit Committee. The Chairs of the Risk & Compliance and Audit Committee report to the Board following each Committee meeting.

### Risk Policies & Procedures

Risk policies, standards and procedures outline the principles and practices to be used in identifying and assessing material risks and translate the RAS into our daily business activities.

### Risk Infrastructure

The RMF is supported by systems and processes that together provide the infrastructure for the management of the Group's material risks:

- **Risk processes** to identify, assess, escalate, monitor and manage risks, obligations, issues and incidents;
- **Management information systems** to measure and aggregate risks across the Group; and
- Data, risk **models and tools**, including significant calculators.

### Risk Accountabilities and Skills

The Three Lines of Accountability (3LoA) model organises our accountabilities to ensure risk is well managed, through separation of roles for managing the Group's risks, developing risk frameworks and defining the boundaries within which risk is managed, and providing independent assurance over how effectively risks are being managed. The Risk Stewards (senior leaders in Line 1 or Line 2) complement the 3LoA model, by

providing a view on the aggregated risk profile and adequacy of the risk framework for each of our risk types, including design of policies, mitigation strategies and the capabilities needed to manage the risk type.

The effective management of our material risks requires appropriate resourcing of skilled employees within each of the Group's 3LoA. It is important for all employees to have an awareness of their accountabilities, the RMF, and the role our Values play in helping us manage risk. This awareness is developed through:

- **Communication of the RAS and RMA** - Following approval by the Board, the updated RAS and RMA are made available to all employees;
- **Performance and remuneration frameworks** designed to drive accountability for managing risks and adopting behaviours that assist the Group to respond to new and emerging risks and to better support our customers and communities. Each year employees are assessed on how they met the risk management expectations of their role as part of the annual performance review;
- **Group Mandatory Learning modules** provide foundational knowledge of the RMF and RMA for all employees;
- **Risk Management Capability Framework** provides the education, experience and exposure to build risk skills and judgement effectively within the Group; and
- **Induction and ongoing learning** supports employees in gaining the knowledge, skills and behaviours required to work effectively across the Group.

### Risk Culture and Conduct Risk

Risk culture reflects the beliefs and behaviours by people within the Group that determine how risks are identified, measured, governed, and acted upon. Effective risk management requires employees to understand different perspectives and apply appropriate judgement to mitigate risk and deliver better outcomes for customers and shareholders. The behaviours that guide decision making and good risk management and are expected of employees by the Board, senior management, customers, communities, shareholders and regulators are embodied within our Values and our Leadership Principles, reinforced by our RMF Enablers.

In relation to conduct risk, the Group requires behaviours and business practices that are fair to customers, protect the fair and efficient operation of the market and engender confidence in our products and services. Annually, the Board forms a view of the Group's risk culture and identifies desirable changes. Action plans are initiated and monitored to improve and sustain risk culture.



# Risk Management (continued)

## Material Risk Types

| Description   | Governing Policies and Key Management Committees   | Key Controls and Risk Mitigation Strategies  |
|---|--|--|
| <b>Credit Risk (Section 8)</b>  |  |  |
| <p>Credit risk is the potential for loss arising from the failure of a counterparty to meet their contractual obligations to the Group.</p>   | <p><b>Governing Policies:</b></p> <ul style="list-style-type: none"> <li>Group Credit Risk Framework</li> <li>Group Credit Risk Policies</li> <li>Group Loan Loss Provisioning Framework</li> <li>Group and BU Credit Risk Standard</li> </ul>   | <ul style="list-style-type: none"> <li>Defined credit risk indicators set in the Group RAS;</li> <li>Transacting with counterparties that demonstrate the ability and willingness to service their obligations through performance of due diligence and appropriate credit quality assessments;</li> <li>Applications assessed by credit decisioning models, with more complex or higher risk applications referred to credit authority holders who exercise expert judgement;</li> <li>Taking collateral where appropriate;</li> <li>Pricing appropriately for the risks we are taking;</li> <li>Credit concentration frameworks that set exposure limits to counterparties, groups of related counterparties, industry sectors and countries;</li> <li>Regular monitoring of credit quality, concentrations, arrears, policy exceptions and policy breaches;</li> <li>Working with impaired counterparties, or those in danger of becoming so, to help them rehabilitate their financial positions;</li> <li>Holding adequate provisions for defaulted and high risk counterparties and exposures; and</li> <li>Stress testing, both at a counterparty and portfolio level.</li> </ul>   |
| <p>The Group is primarily exposed to credit risk through:</p>   | <p><b>Key Management Committee:</b></p> <ul style="list-style-type: none"> <li>Financial Risk Committee</li> <li>BU/SU Financial Risk Committees</li> <li>Loan Loss Provisioning Committee</li> </ul>  |  |
| <p><b>Retail Credit Risk</b></p> <ul style="list-style-type: none"> <li>Residential mortgage lending; and</li> <li>Unsecured retail lending.</li> </ul>   |  |  |
| <p><b>Non-Retail Credit Risk</b></p> <ul style="list-style-type: none"> <li>Commercial lending; and</li> <li>Large corporate (institutional) lending and markets exposures.</li> </ul>  |  |  |
| <b>Market Risk (Section 9 and 10)</b>   |  |  |
| <p>Market risk is the risk that market rates and prices will change and have an adverse effect on the profitability and/or net worth of the Group.</p>  | <p><b>Governing Policies:</b></p> <p>Group Market Risk Policy<br/>Group Traded Market Risk Standards</p>   | <ul style="list-style-type: none"> <li>Defined market risk indicators set in the Group RAS;</li> <li>No proprietary trading unrelated to the core principle trading and within approved business strategy;</li> <li>Conservative Market Risk limits with granular concentration limits at a position level including currency/index, tenor and product type;</li> <li>Pricing appropriately for risk and market depth;</li> <li>Back-testing of Value at Risk models against hypothetical profit and loss;</li> <li>Daily monitoring and attribution of traded market risk exposures including risk sensitivities, Value at Risk and stress testing;</li> <li>Daily monitoring of Value at Risk and stress test measures for derivative valuation adjustments (XVAs);</li> <li>Monthly monitoring of Residual Value Risk exposures versus limits;</li> <li>Managing the Balance Sheet with a view to balancing Net Interest Income (NII), profit volatility and Market Value;</li> <li>Regular monitoring of IRRBB market risk exposures against limits including risk sensitivities, credit spread risk, Value at Risk, Net Interest Earnings at Risk and stress testing;</li> <li>Appropriate transfer pricing for interest rate risk;</li> <li>Regular monitoring of Structural Foreign Exchange Risk versus limits; and</li> <li>Regular monitoring of Group Super and Defined Benefit Fund net asset position.</li> </ul> |
| <p>The Group is primarily exposed to market risk through:</p>   | <p><b>Key Management Committee:</b></p> <ul style="list-style-type: none"> <li>Financial Risk Committee and IB&amp;M Financial Risk Committee (Oversight of Traded Market Risk)</li> <li>Asset and Liability Committee (ALCO) (Oversight of Non-Traded Market Risk, including IRRBB)</li> <li>Market Risk Committee</li> </ul> |  |
| <p><b>Traded Market Risk;</b></p> <p><b>Non-Traded Market Risk:</b></p> <ul style="list-style-type: none"> <li>Interest Rate Risk in the Banking Book (IRRBB);</li> <li>Lease Residual Value Risk;</li> <li>Structural Foreign Exchange Risk; and</li> <li>Non-traded Equity Risk.</li> </ul> |  |  |

# Risk Management (continued)

## Material Risk Types (continued)

| Description   | Governing Policies and Key Management Committees   | Key Controls and Risk Mitigation Strategies  |
|---|--|--|
| <b>Liquidity Risk (Section 12)</b>  |  |  |
| <p>Liquidity risk is the combined risks of not being able to meet financial obligations as they fall due (funding liquidity risk), and that liquidity in financial markets, such as the market for debt securities, may reduce significantly (market liquidity risk).</p> | <p><b>Governing Policies:</b></p> <ul style="list-style-type: none"> <li>• Group Liquidity Policy</li> </ul> <p><b>Key Management Committee:</b></p> <ul style="list-style-type: none"> <li>• ALCO</li> <li>• Stress Testing Steering Committee</li> </ul> | <ul style="list-style-type: none"> <li>• Defined liquidity Risk Appetite metrics and indicators in the Group RAS;</li> <li>• The Annual Funding Strategy (the Group's wholesale funding strategy based on a three year funding plan);</li> <li>• Maintaining a diverse yet stable pool of potential funding sources across different currencies, geographies, entities and products;</li> <li>• Maintaining sufficient liquidity buffers and short term funding capacity to withstand periods of disruption in long term wholesale funding markets and unanticipated changes in the balance sheet funding gap;</li> <li>• Limiting the portion of wholesale funding sourced from offshore;</li> <li>• Conservatively managing the mismatch between asset and liability maturities;</li> <li>• Maintaining a conservative mix of readily saleable or repo-eligible liquid assets;</li> <li>• Daily monitoring of liquidity risk exposures, including Liquidity Coverage Ratios and Net Stable Funding Ratios;</li> <li>• Market and idiosyncratic stress test scenarios; and</li> <li>• The Contingent Funding Plan provides strategies for addressing liquidity shortfalls in a crisis situation.</li> </ul> |

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# Risk Management (continued)

## Material Risk Types (continued)

| Description   | Governing Policies and Key Management Committees  | Key Controls and Risk Mitigation Strategies   |
|---|---|---|
| <b>Operational Risk (Section 11)</b>  |   |   |
| <p>Operational risk is the risk of losses from inadequate or failed internal processes, systems or people, or from external events.</p> <p>The Group is exposed to operational risk primarily through:</p> <ul style="list-style-type: none"> <li>• Accounting and Taxation Risk;</li> <li>• Artificial Intelligence Risk;</li> <li>• Business Disruption Risk;</li> <li>• Cybersecurity Risks;</li> <li>• Data Management Risk;</li> <li>• Fraud and Scams Risk (external and internal);</li> <li>• Legal Risk;</li> <li>• Model Risk;</li> <li>• People Risk (employment practices and workplace safety);</li> <li>• Technology Risk (disruptions from hardware or software failures);</li> <li>• Third Party Risks; and</li> <li>• Transaction Processing Risk.</li> </ul> | <p><b>Governing Policies:</b></p> <ul style="list-style-type: none"> <li>• Operational Risk Management Framework (ORMF)</li> <li>• Group Information Security (IS) Policy</li> <li>• Group Data Management Policy</li> <li>• Group Fraud Management Policy</li> <li>• Group Whistleblower Policy</li> <li>• Group Model Policy</li> <li>• Group Policy on Business Continuity Management</li> <li>• Group Protective Security Policy</li> <li>• Group IT Service Support and Management Policy</li> <li>• Group Supplier Lifecycle Policy</li> <li>• Group Artificial Intelligence Policy</li> </ul> <p><b>Key Management Committee:</b></p> <ul style="list-style-type: none"> <li>• Non-Financial Risk Committee</li> <li>• BU/SU Non-Financial Risk Committees</li> <li>• Model Risk Governance Committee (MRGC)</li> <li>• Supplier Governance Council</li> <li>• Technology Controls Council</li> <li>• BU/SU Executive Portfolio Group (EPG)</li> </ul> | <ul style="list-style-type: none"> <li>• Defined operational risk indicators in the Group RAS;</li> <li>• Implementation of manual and automated controls to prevent, detect and mitigate the specific operational risks that the Group is exposed to;</li> <li>• Regular Risk and Control Self- Assessment (RCSA) to assess key risks and controls for a BU/SU;</li> <li>• Routine Controls Assessment Program (CAP) tests to assess whether controls are designed and operating effectively to maintain risk exposures within acceptable levels;</li> <li>• Incident Management process to identify, assess, record, report and manage actual operational or compliance events that have occurred. This data is used to guide management to strengthen processes and controls;</li> <li>• Issue Management process to identify, assess, record, report and manage weaknesses or gaps in controls;</li> <li>• Risk in Change process to effectively understand and manage the risks from changes to the business through projects or initiatives;</li> <li>• Establishment of Key Risk Indicators to monitor movements in risk exposures over time;</li> <li>• Assurance undertaken by Line 2 Risk teams to assess that operational risks are appropriately identified and managed across the Group; and</li> <li>• Risk Steward Guidance provided on key controls and routine Risk Steward monitoring of RAS and risk reporting.</li> </ul> |

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# Risk Management (continued)

## Material Risk Types (continued)

| Description   | Governing Policies and Key Management Committees  | Key Controls and Risk Mitigation Strategies   |
|---|---|---|
| <b>Compliance Risk</b>  |   |   |
| <p>Compliance risk is the risk of legal or regulatory sanctions, material financial loss, or loss of reputation that the Group may incur as a result of its failure to comply with its obligations.</p> <p>The Group is exposed to compliance risk primarily through:</p> <ul style="list-style-type: none"> <li>• Laws, regulations, rules, licence conditions, and statements of regulatory policy;</li> <li>• Privacy laws and regulations regarding the collection, handling and protection of personal information of individuals;</li> <li>• Financial crime (regulation relating to Anti Money Laundering, Counter Terrorism Financing, Anti-Bribery and Corruption, Anti-Tax Evasion Facilitation and Sanctions); and</li> <li>• Poor conduct (product design and distribution, market conduct, anti-competitive practices; and financial hardship and debt collection).</li> </ul> | <p><b>Governing Policies:</b></p> <ul style="list-style-type: none"> <li>• Group Compliance Management Framework (CMF) and Policies</li> <li>• Group and Business Unit Compliance Policies and Standards</li> <li>• Joint AML/CTF Group Program (Part A/Part B)</li> <li>• Anti-Bribery &amp; Corruption Policy</li> <li>• Anti-Tax Evasion Facilitation Policy</li> <li>• Group Economic Trade Sanctions Policy</li> <li>• Code of Conduct</li> <li>• Product Development and Distribution Policy</li> <li>• Group Prevention of Anti-Competitive Practices Policy</li> <li>• Group Consumer Protection Policy</li> <li>• Group Customer Complaint Management Policy</li> <li>• Group Customer Remediation Projects Policy</li> <li>• Group Securities Trading Policy</li> <li>• Group Conflicts Management Policy</li> </ul> <p><b>Key Management Committee:</b></p> <ul style="list-style-type: none"> <li>• Executive Financial Crime Risk Committee</li> <li>• Financial Crime Risk Committee</li> <li>• Group/BU/SU NFRCs</li> <li>• Product Governance Forums</li> </ul> | <p><b>Regulatory &amp; Licencing Obligations (RLO) and Privacy Risk</b></p> <ul style="list-style-type: none"> <li>• Compliance, including FCC, Privacy and Conduct risk indicators in the Group RAS;</li> <li>• Mandatory online Compliance and Privacy training for all employees;</li> <li>• Regulatory change management to establish compliant business practices;</li> <li>• Maintenance of Obligation Registers;</li> <li>• RLO and Privacy Risk profiling through the Risk and Control Self-Assessment Process;</li> <li>• Group wide minimum standards in key areas;</li> <li>• Co-operative and transparent relationships with regulators; and</li> <li>• Board and management governance and reporting.</li> </ul> <p><b>Financial Crime Compliance</b></p> <ul style="list-style-type: none"> <li>• Implement AML/CTF Program;</li> <li>• Pre-employment due diligence on the Group's employees and enhanced screening for high risk roles;</li> <li>• Training and awareness sessions to staff on AML/CTF obligations including sections highlighting the community impact of financial crime and the Group's role to detect, deter and disrupt money laundering, terrorist financing and other serious crime;</li> <li>• Customer on-boarding processes to meet AML/CTF identification and screening requirements;</li> <li>• Ongoing customer due diligence to ensure information we maintain on our customers is accurate;</li> <li>• Risk assessments on our customers, products and channels to ensure we understand the money laundering and terrorism financing risks;</li> <li>• Enhanced customer due diligence on higher risk customers;</li> <li>• Monitoring customer payments, trade and all transactions to manage the AML/CTF and Sanctions risks identified;</li> <li>• Undertake statutory reporting requirements including International Funds Transfer Instructions, Threshold Transaction Reports and Suspicious Matter Reports and annual compliance reports;</li> <li>• Controls to prevent corruption of public officials and private sector individuals by employees, representatives, suppliers or third party agents, including disclosure and approval of gifts and entertainment, charitable donations and sponsorships; and</li> <li>• Controls to prevent the facilitation of tax evasion by employees, representatives and other third parties who are Associated Persons of the Group, including risk assessments (third party, product/channel and enterprise-wide risk assessment); employee due diligence and ongoing staff training and awareness.</li> </ul> <p><b>Conduct Risk</b></p> <ul style="list-style-type: none"> <li>• Code of Conduct, supported by mandatory training for all staff;</li> <li>• Ongoing Conduct Risk profiling, including use of the Conduct Risk Steward Guides and controls taxonomy to manage and address Conduct Risks;</li> <li>• Measurement and governance of Conduct Risk exposures through RAS metrics and NFRC, Board reporting;</li> <li>• Assurance and monitoring to identify Conduct Risk exposures and control weaknesses;</li> <li>• Enhancement of Code of Conduct related policies with changes in understanding of conduct obligations and expectations; and</li> <li>• Consistently applying the Code of Conduct and the 'Should We?' test to deliver the right outcome for our customers.</li> </ul> |

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# Risk Management (continued)

## Material Risk Types (continued)

| Description   | Governing Policies and Key Management Committees   | Key Controls and Risk Mitigation Strategies  |
|---|--|--|
| <b>Strategic Risk</b>   |  |  |
| <p>Strategic risk is the risk of material stakeholder value destruction or less than planned value creation due to changes in external and internal operating environments.</p>   | <p><b>Governing Policies:</b></p>  | <p><b>Strategic Risk Management Framework</b></p>  |
| <p>This Strategic Risk type also includes a number of sub-risk types that:</p> <ul style="list-style-type: none"> <li>• primarily support or drive strategic decisions that could impact our profitability or business model assumptions;</li> <li>• are impacted by, or drive decisions resulting in impacts across other risk types; and</li> <li>• are managed more routinely through their own dedicated governance, policies and procedures, infrastructure and teams.</li> </ul>  | <ul style="list-style-type: none"> <li>• Group Strategic Risk Management Policy</li> <li>• Stress Testing Policy</li> <li>• Risk Adjusted Performance Measurement Policy</li> <li>• Group Remuneration Policy</li> <li>• Group Inclusion &amp; Diversity Policy</li> <li>• Group Environmental &amp; Social Policy</li> <li>• Group Continuous Disclosure Policy</li> <li>• Group Public Disclosure of Prudential Information Policy</li> <li>• Group External Engagement and Communication Policy</li> <li>• Group Policy on Publicly Issued Documents and Marketing Materials</li> </ul> <p><b>Key Management Committee:</b></p> <ul style="list-style-type: none"> <li>• Executive Leadership Team</li> <li>• ELT Environmental &amp; Social Committee</li> <li>• Asset and Liability Committee (ALCO)</li> <li>• Non-Financial Risk Committee</li> <li>• ELT Risk and Remuneration Review Committee (RRRC)</li> <li>• Stress Testing Steering Committee</li> </ul> | <p>The Strategic Risk Management Framework (SRMF) provides the overarching framework and governance mechanisms for the consideration of material strategic risks that challenge the business model and profitability assumptions in our strategy. In particular, the SRMF considers the impact to our strategy of dynamically evolving material current and emerging risks arising from changes in areas such as:</p> <ul style="list-style-type: none"> <li>• The competitive landscape;</li> <li>• Emerging technologies;</li> <li>• Macroeconomic conditions;</li> <li>• The regulatory and political environment; and</li> <li>• Changes in social expectations.</li> </ul> <p>The Group assesses, monitors and responds to strategic risk throughout its processes of:</p> <ul style="list-style-type: none"> <li>• Strategy development, approval and review;</li> <li>• Identifying and monitoring changes and potential changes to the operating environment; and</li> <li>• Monitoring execution progress of strategies.</li> </ul> <p><b>Capital Adequacy Risk</b></p> <ul style="list-style-type: none"> <li>• Capital advice for projects and funding deals;</li> <li>• Dividend decision and management processes;</li> <li>• Capital monitoring, reporting and forecasting;</li> <li>• Internal Capital Adequacy Assessment Process (ICAAP);</li> <li>• Group, portfolio and risk type stress testing; and</li> <li>• Ratings agency interactions.</li> </ul> <p><b>Capability and Culture Risk</b></p> <ul style="list-style-type: none"> <li>• Talent acquisition processes;</li> <li>• Leadership development initiatives;</li> <li>• Organisational culture development initiatives;</li> <li>• Performance and remuneration processes;</li> <li>• Diversity &amp; Inclusion initiatives;</li> <li>• Capability development and training;</li> </ul> <p><b>Environmental &amp; Social Risk</b></p> <ul style="list-style-type: none"> <li>• Defined E&amp;S Risk Indicators in the Group RAS;</li> <li>• Target financed emissions Glidepaths for priority sectors;</li> <li>• Scenario analyses and stress testing to understand the physical and transition risks of climate change;</li> <li>• E&amp;S Risk embedded in the Group and BUs/SUs business profiles;</li> <li>• Client and supplier E&amp;S due diligence process;</li> <li>• Development of new pilot products and services that support reduced emissions;</li> <li>• Environmental, Social &amp; Governance (ESG) lending tool applied to certain lending decisions;</li> <li>• Corporate Responsibility programs; and</li> <li>• Supplier Code of Conduct to ensure adherence to CBA's Environmental &amp; Social (E&amp;S) standards.</li> </ul> |
| <p>These risks include:</p> <ul style="list-style-type: none"> <li>• <b>Capital Adequacy Risk</b> – Inability to capitalise on strategic opportunities or withstand extreme events due to insufficient or inefficient use of capital;</li> <li>• <b>Capability and Culture Risk</b> - Inability to execute effectively on strategy due to inadequate organisational skills and capabilities and a misaligned organisational culture;</li> <li>• <b>Environmental &amp; Social (E&amp;S) Risk</b> - The risk of financial losses to the Group, or damage to the Group's franchise value from the impact of environmental and social issues on the business; or from the environmental and social impacts facilitated through the Group's operations and financing activities; and</li> <li>• <b>Reputation Risk</b> – The risk of business practices, behaviours or events negatively impacting the Group's reputation.</li> </ul> |  | <p><b>Reputation Risk</b></p> <ul style="list-style-type: none"> <li>• Media management, marketing and branding standards, processes and protocols;</li> <li>• Community investment initiatives;</li> <li>• Government and political affairs protocols; and</li> <li>• Strategic decisions to address actual or perceived material reputation risks.</li> </ul>  |

Credit risk is the potential of loss arising from failure of a borrower to meet their contractual obligations to the Group. It arises primarily from lending activities, the provision of guarantees (including letters of credit), investments in bonds and notes, financial markets transactions, credit enhancements, securitisations and other associated activities.

The Group maintains a robust system of controls and processes to optimise the Group's credit risk-taking activities.

Credit risk is managed at both a Group and BU level. The key credit risk related functions support the overall risk management responsibilities of the Board Risk and Compliance Committee and senior management as discussed in section 7 "Risk Management" of this document.

The Group applies the following elements for effective credit risk practice in its day-to-day business activities:

- Credit Risk Management Framework with associated policies, standards and processes; and
- Credit Risk Rating and Measurement (pages 41-43).

**Credit Risk Management Framework**

The Board Risk and Compliance Committee oversees the Group's approach to credit risk management which is implemented via the Group Credit Risk Framework. The Group Credit Risk Management Framework is approved annually by the Executive Leadership Team Financial Risk Committee and is designed to achieve credit portfolio outcomes that are consistent with the Group's risk appetite, risk / return expectations and regulatory requirements.

The Group has clearly defined credit policies and standards for the approval and management of credit risk. These set the minimum requirements for assessing the integrity and ability of borrowers to meet their contractual obligations for repayment, acceptable forms of collateral and security and the frequency of credit reviews.

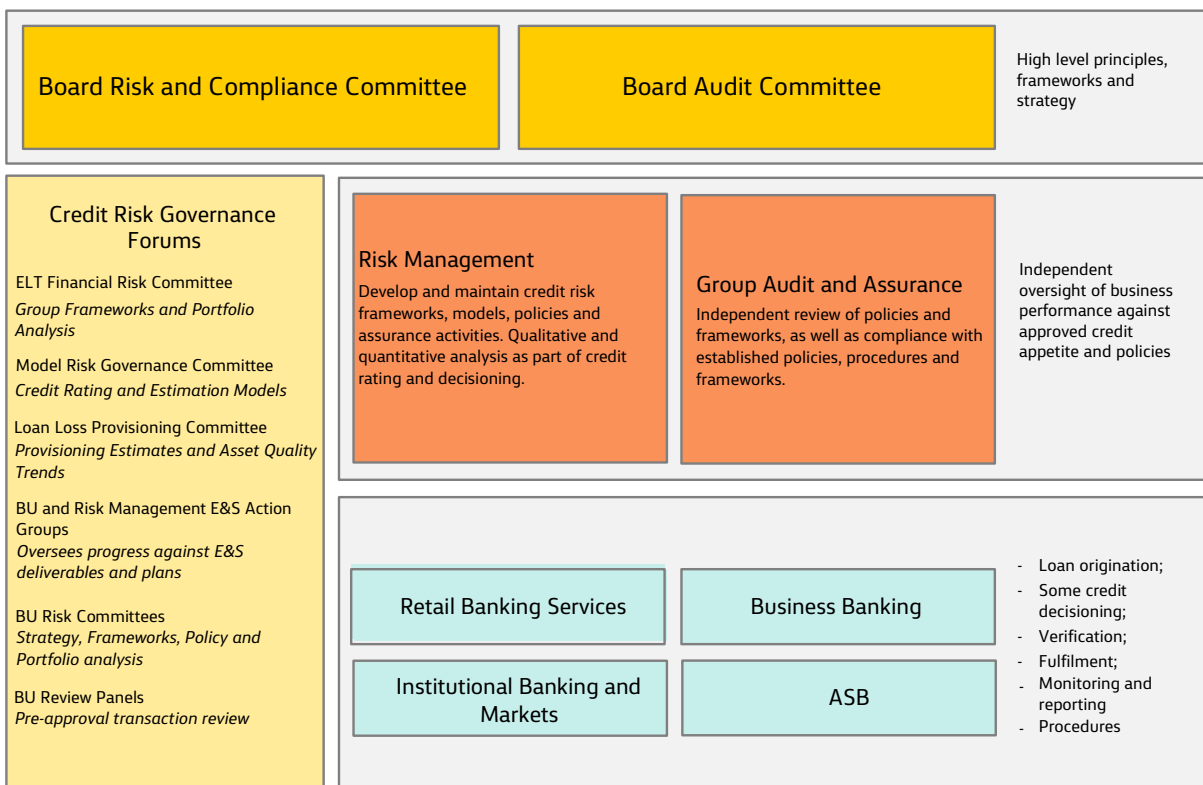
The Group's RAS requires that there is appropriate diversification of credit risk. This is achieved through established policies that include limits for the key dimensions of the credit portfolio for:

- Individual borrowers, or groups of related borrowers;
- Industry sectors; and
- Geography (e.g. country risk).

Experts in each BU are accountable for identifying ways to diversify credit risk exposure in their businesses, all within the policy limits.

Operationally independent credit assurance and hindsight activities are carried out across the Group's credit portfolio within Business Units, Risk Management and Group Audit. Additionally, Credit Portfolio Assurance, part of Group Operational Risk reviews non-retail credit portfolios and BU compliance with policies, application of credit risk ratings and other key practices on a regular basis. Credit Portfolio Assurance Unit reports its findings to the ELT Financial Risk Committee (FRC) and the Board Risk and Compliance Committee as appropriate. An independent function within Retail Banking Services Risk Management undertakes assurance activities across Retail portfolios. Group Audit undertakes regular reviews of Retail and Non-Retail credit risk portfolios, policies and frameworks.

The chart below illustrates the approach taken to manage credit risk in the Group.



# Credit Risk (continued)

## 8.1 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                             | 30 June 2024      |                    |                |                  | Average exposure for June 2024 half <sup>1</sup> | Change in exposure for June 2024 half <sup>2</sup> |               |
|--|-------------------|--------------------|----------------|------------------|--|--|---------------|
|  | Off Balance Sheet |                    |                |                  |  |  |               |
|  | On Balance Sheet  | Non-market related | Market related | Total            |  |  |               |
|  | \$M               | \$M                | \$M            | \$M              | \$M  | \$M  | %             |
| <b>Subject to AIRB approach</b>            |                   |                    |                |                  |  |  |               |
| Corporate (incl. SME corporate)            | 145,885           | 16,203             | 1,254          | <b>163,342</b>   | 160,333  | 6,019  | 3.8           |
| SME retail                                 | 13,500            | 6,073              | 4              | <b>19,577</b>    | 19,404   | 345  | 1.8           |
| Residential mortgage                       | 576,086           | 73,528             | –              | <b>649,614</b>   | 642,344  | 14,541   | 2.3           |
| Qualifying revolving retail                | 8,242             | 14,923             | –              | <b>23,165</b>    | 23,268   | (206)  | (0.9)         |
| Other retail                               | 7,291             | 1,280              | –              | <b>8,571</b>     | 8,251  | 639  | 8.1           |
| <b>Total AIRB approach</b>                 | <b>751,004</b>    | <b>112,007</b>     | <b>1,258</b>   | <b>864,269</b>   | <b>853,600</b>                                   | <b>21,338</b>                                      | <b>2.5</b>    |
| <b>Subject to FIRB approach</b>            |                   |                    |                |                  |  |  |               |
| Corporate - large                          | 30,669            | 14,511             | 4,477          | <b>49,657</b>    | 49,238   | 838  | 1.7           |
| Sovereign                                  | 129,184           | 875                | 4,173          | <b>134,232</b>   | 153,956  | (39,447)   | (22.7)        |
| Financial institution                      | 22,069            | 7,033              | 14,798         | <b>43,900</b>    | 50,401   | (13,002)   | (22.8)        |
| <b>Total FIRB approach</b>                 | <b>181,922</b>    | <b>22,419</b>      | <b>23,448</b>  | <b>227,789</b>   | <b>253,595</b>                                   | <b>(51,611)</b>                                    | <b>(18.5)</b> |
| <b>Specialised lending</b>                 | <b>3,444</b>      | <b>1,084</b>       | <b>59</b>      | <b>4,587</b>     | <b>4,493</b>                                     | <b>189</b>   | <b>4.3</b>    |
| <b>Subject to standardised approach</b>    |                   |                    |                |                  |  |  |               |
| Corporate (incl. SME corporate)            | 826               | 228                | 28             | <b>1,082</b>     | 957  | 250  | 30.0          |
| SME retail                                 | 519               | 294                | 23             | <b>836</b>       | 846  | (19)   | (2.2)         |
| Sovereign                                  | 1                 | –                  | –              | <b>1</b>         | 230  | (459)  | (99.8)        |
| Residential mortgage                       | 15,605            | 1,509              | –              | <b>17,114</b>    | 16,998   | 232  | 1.4           |
| Other retail                               | 100               | 137                | –              | <b>237</b>       | 378  | (281)  | (54.2)        |
| Other assets <sup>3</sup>                  | 10,200            | 997                | 43             | <b>11,240</b>    | 13,429   | (4,379)  | (28.0)        |
| Central counterparties                     | –                 | –                  | 3,115          | <b>3,115</b>     | 2,989  | 253  | 8.8           |
| <b>Total standardised approach</b>         | <b>27,251</b>     | <b>3,165</b>       | <b>3,209</b>   | <b>33,625</b>    | <b>35,827</b>                                    | <b>(4,403)</b>                                     | <b>(11.6)</b> |
| RBNZ regulated entities                    | 114,031           | 13,002             | 2,493          | <b>129,526</b>   | 130,654  | (2,255)  | (1.7)         |
| <b>Total credit exposures <sup>4</sup></b> | <b>1,077,652</b>  | <b>151,677</b>     | <b>30,467</b>  | <b>1,259,796</b> | <b>1,278,169</b>                                 | <b>(36,742)</b>                                    | <b>(2.8)</b>  |

1 The simple average of balances as at 30 June 2024 and 31 December 2023.

2 The difference between exposures as at 30 June 2024 and 31 December 2023.

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

4 Total credit risk exposures (calculated as EAD) do not include equities or securitisation exposures. Off Balance Sheet market related exposures include \$3.9 billion of exposures in relation to Securities Financing Transactions (SFTs).

# Credit Risk (continued)

## 8.1 Credit Risk Exposure – excluding Equities and Securitisation (continued)

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

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

<sup>1</sup> The simple average of balances as at 31 December 2023 and 30 June 2023

<sup>2</sup> The difference between exposures as at 31 December 2023 and 30 June 2023.

<sup>3</sup> Includes immaterial contributions from other standardised asset classes, including Domestic public sector entities, Commercial property, Land acquisition, development and construction, and Bank.

<sup>4</sup> 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)

## 8.1 Credit Risk Exposure – excluding Equities and Securitisation (continued)

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

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

<sup>1</sup> Includes immaterial contributions from other standardised asset classes, including Domestic public sector entities, Commercial property, Land acquisition, development and construction, and Bank.

<sup>2</sup> 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)

## 8.1 Credit Risk Exposure – excluding Equities and Securitisation (continued)

Table 7b – Credit risk exposure by portfolio type

| Portfolio Type                            | As at<br>30 Jun 24<br>\$M | Half year<br>average<br>\$M |
|---|---------------------------|-----------------------------|
| Corporate (incl. Large and SME corporate) | 214,081                   | 210,528                     |
| Sovereign                                 | 134,233                   | 154,186                     |
| Financial institution                     | 43,900                    | 50,401                      |
| SME retail                                | 20,413                    | 20,250                      |
| Residential mortgage                      | 666,728                   | 659,342                     |
| Qualifying revolving retail               | 23,165                    | 23,268                      |
| Other retail                              | 8,808                     | 8,629                       |
| Specialised lending                       | 4,587                     | 4,493                       |
| Other assets                              | 11,240                    | 13,429                      |
| Central counterparties                    | 3,115                     | 2,989                       |
| RBNZ regulated entities                   | 129,526                   | 130,654                     |
| <b>Total credit exposures<sup>1</sup></b> | <b>1,259,796</b>          | <b>1,278,169</b>            |

<sup>1</sup> Total credit risk exposures do not include equities or securitisation exposures.

| Portfolio Type                            | As at<br>31 Dec 23<br>\$M | Half year<br>average<br>\$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                     |
| <b>Total credit exposures<sup>1</sup></b> | <b>1,296,538</b>          | <b>1,295,019</b>            |

<sup>1</sup> Total credit risk exposures do not include equities or securitisation exposures.

# Credit Risk (continued)

## 8.1 Credit Risk Exposure – excluding Equities and Securitisation (continued)

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

| Portfolio Type                             | As at<br>30 Jun 23<br>\$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                   |
| <b>Total credit exposures <sup>1</sup></b> | <b>1,293,499</b>          |

<sup>1</sup> Total credit risk exposures do not include equities or securitisation exposures.

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

| Portfolio Type                               | 30 June 2024     |                       |               | Total<br>\$M     |
|--|------------------|-----------------------|---------------|------------------|
|  | Australia<br>\$M | New<br>Zealand<br>\$M | Other<br>\$M  |                  |
| Corporate (incl. Large and SME corporate)    | 200,027          | 3,020                 | 11,034        | <b>214,081</b>   |
| Sovereign                                    | 99,125           | 730                   | 34,378        | <b>134,233</b>   |
| Financial institution                        | 20,904           | 156                   | 22,840        | <b>43,900</b>    |
| SME retail                                   | 20,411           | –                     | 2             | <b>20,413</b>    |
| Residential mortgage                         | 666,646          | –                     | 82            | <b>666,728</b>   |
| Qualifying revolving retail                  | 23,165           | –                     | –             | <b>23,165</b>    |
| Other retail                                 | 8,808            | –                     | –             | <b>8,808</b>     |
| Specialised lending                          | 2,187            | –                     | 2,400         | <b>4,587</b>     |
| Other assets                                 | 9,598            | 17                    | 1,625         | <b>11,240</b>    |
| Central counterparties                       | 824              | –                     | 2,291         | <b>3,115</b>     |
| RBNZ regulated entities                      | –                | 129,526               | –             | <b>129,526</b>   |
| <b>Total credit exposures <sup>1 2</sup></b> | <b>1,051,695</b> | <b>133,449</b>        | <b>74,652</b> | <b>1,259,796</b> |

<sup>1</sup> Total credit risk exposures do not include equities or securitisation exposures.

<sup>2</sup> Geographical segmentation of exposures is based on the location of the office in which these items were booked.

# Credit Risk (continued)

## 8.1 Credit Risk Exposure – excluding Equities and Securitisation (continued)

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

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

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

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

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

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

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

# Credit Risk (continued)

## 8.1 Credit Risk Exposure – excluding Equities and Securitisation (continued)

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

| Portfolio Type                             | 30 June 2024    |                     |                   |                        |               |                   |                          |                     |
|--|-----------------|---------------------|-------------------|------------------------|---------------|-------------------|--------------------------|---------------------|
|  | 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)  | –               | 2,736               | 10,227            | 18,440                 | 6,625         | 4,877             | 20,617                   | 19,314              |
| Sovereign                                  | –               | –                   | –                 | –                      | –             | –                 | –                        | –                   |
| Financial institution                      | –               | 43,900              | –                 | –                      | –             | –                 | –                        | –                   |
| SME retail <sup>1</sup>                    | –               | 374                 | 2,005             | 1,534                  | 2,811         | 131               | 2,817                    | 1,278               |
| Residential mortgage                       | 666,728         | –                   | –                 | –                      | –             | –                 | –                        | –                   |
| Qualifying revolving retail                | 23,165          | –                   | –                 | –                      | –             | –                 | –                        | –                   |
| Other retail                               | 8,808           | –                   | –                 | –                      | –             | –                 | –                        | –                   |
| Specialised lending                        | –               | –                   | –                 | –                      | –             | 59                | 327                      | 740                 |
| Other assets <sup>2</sup>                  | 2,732           | 115                 | 25                | 35                     | 21            | 20                | 22                       | 563                 |
| Central counterparties                     | –               | 3,115               | –                 | –                      | –             | –                 | –                        | –                   |
| RBNZ regulated entities                    | 78,511          | 3,203               | 1,778             | 10,695                 | 1,153         | 10                | 3,684                    | 967                 |
| <b>Total credit exposures <sup>3</sup></b> | <b>779,944</b>  | <b>53,443</b>       | <b>14,035</b>     | <b>30,704</b>          | <b>10,610</b> | <b>5,097</b>      | <b>27,467</b>            | <b>22,862</b>       |

| Portfolio Type                             | Industry Sector (continued) |                                  |                             |                             |                                 |                         |               | Total            |
|--|-----------------------------|----------------------------------|-----------------------------|-----------------------------|---------------------------------|-------------------------|---------------|------------------|
|  | Manufacturing               | Commercial Property <sup>4</sup> | Government Admin. & Defence | Health & Community Services | Entertainment Leisure & Tourism | Electricity Gas & Water | Other         |                  |
|  | \$M                         | \$M                              | \$M                         | \$M                         | \$M                             | \$M                     | \$M           |                  |
| Corporate (incl. Large and SME corporate)  | 13,161                      | 75,877                           | –                           | 10,066                      | 14,839                          | 7,785                   | 9,517         | <b>214,081</b>   |
| Sovereign                                  | –                           | –                                | 134,233                     | –                           | –                               | –                       | –             | <b>134,233</b>   |
| Financial institution                      | –                           | –                                | –                           | –                           | –                               | –                       | –             | <b>43,900</b>    |
| SME retail <sup>1</sup>                    | 1,075                       | 1,790                            | –                           | 1,078                       | 1,256                           | 43                      | 4,221         | <b>20,413</b>    |
| Residential mortgage                       | –                           | –                                | –                           | –                           | –                               | –                       | –             | <b>666,728</b>   |
| Qualifying revolving retail                | –                           | –                                | –                           | –                           | –                               | –                       | –             | <b>23,165</b>    |
| Other retail                               | –                           | –                                | –                           | –                           | –                               | –                       | –             | <b>8,808</b>     |
| Specialised lending                        | 168                         | –                                | –                           | –                           | 50                              | 3,018                   | 225           | <b>4,587</b>     |
| Other assets <sup>2</sup>                  | 33                          | 47                               | –                           | 10                          | 7                               | –                       | 7,610         | <b>11,240</b>    |
| Central counterparties                     | –                           | –                                | –                           | –                           | –                               | –                       | –             | <b>3,115</b>     |
| RBNZ regulated entities                    | 1,470                       | 10,263                           | 13,285                      | 1,963                       | 802                             | 708                     | 1,034         | <b>129,526</b>   |
| <b>Total credit exposures <sup>3</sup></b> | <b>15,907</b>               | <b>87,977</b>                    | <b>147,518</b>              | <b>13,117</b>               | <b>16,954</b>                   | <b>11,554</b>           | <b>22,607</b> | <b>1,259,796</b> |

<sup>1</sup> SME retail business lending secured by residential property has been allocated by industry.

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

<sup>3</sup> Total credit risk exposures do not include equities or securitisation exposures.

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

# Credit Risk (continued)

## 8.1 Credit Risk Exposure – excluding Equities and Securitisation (continued)

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

| Portfolio Type                             | 31 December 2023 <sup>1</sup> |                     |                   |                        |               |                   |                          |                     |
|--|-------------------------------|---------------------|-------------------|------------------------|---------------|-------------------|--------------------------|---------------------|
|  | 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)  | –                             | 1,922               | 9,527             | 16,665                 | 6,212         | 4,232             | 20,730                   | 18,449              |
| Sovereign                                  | –                             | –                   | –                 | –                      | –             | –                 | –                        | –                   |
| Financial institution                      | –                             | 56,902              | –                 | –                      | –             | –                 | –                        | –                   |
| SME retail <sup>2</sup>                    | –                             | 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 <sup>3</sup>                  | 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                 |
| <b>Total credit exposures <sup>4</sup></b> | <b>765,262</b>                | <b>66,235</b>       | <b>13,355</b>     | <b>28,995</b>          | <b>10,119</b> | <b>4,695</b>      | <b>27,643</b>            | <b>22,038</b>       |

| Portfolio Type                             | Industry Sector (continued) |                                  |                             |                             |                                 |                         |               |                  |
|--|-----------------------------|----------------------------------|-----------------------------|-----------------------------|---------------------------------|-------------------------|---------------|------------------|
|  | Manufacturing               | Commercial Property <sup>5</sup> | 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)  | 14,304                      | 74,303                           | –                           | 9,850                       | 13,214                          | 8,500                   | 9,066         | <b>206,974</b>   |
| Sovereign                                  | –                           | –                                | 174,139                     | –                           | –                               | –                       | –             | <b>174,139</b>   |
| Financial institution                      | –                           | –                                | –                           | –                           | –                               | –                       | –             | <b>56,902</b>    |
| SME retail <sup>2</sup>                    | 1,058                       | 1,819                            | –                           | 1,051                       | 1,221                           | 43                      | 4,218         | <b>20,087</b>    |
| Residential mortgage                       | –                           | –                                | –                           | –                           | –                               | –                       | –             | <b>651,955</b>   |
| Qualifying revolving retail                | –                           | –                                | –                           | –                           | –                               | –                       | –             | <b>23,371</b>    |
| Other retail                               | –                           | –                                | –                           | –                           | –                               | –                       | –             | <b>8,450</b>     |
| Specialised lending                        | 163                         | –                                | –                           | –                           | 48                              | 2,596                   | 152           | <b>4,398</b>     |
| Other assets <sup>3</sup>                  | 61                          | 31                               | –                           | 10                          | 16                              | 2                       | 11,439        | <b>15,619</b>    |
| Central counterparties                     | –                           | –                                | –                           | –                           | –                               | –                       | –             | <b>2,862</b>     |
| RBNZ regulated entities                    | 1,531                       | 10,334                           | 14,464                      | 1,946                       | 856                             | 636                     | 1,125         | <b>131,781</b>   |
| <b>Total credit exposures <sup>4</sup></b> | <b>17,117</b>               | <b>86,487</b>                    | <b>188,603</b>              | <b>12,857</b>               | <b>15,355</b>                   | <b>11,777</b>           | <b>26,000</b> | <b>1,296,538</b> |

<sup>1</sup> Comparative information has been restated to conform to presentation in current period.

<sup>2</sup> SME retail business lending secured by residential property has been allocated by industry.

<sup>3</sup> Includes immaterial contributions from other standardised asset classes, including Domestic public sector entities, Commercial property, Land acquisition, development and construction, and Bank.

<sup>4</sup> Total credit risk exposures do not include equities or securitisation exposures.

<sup>5</sup> Commercial Property includes Real Estate Investment Trusts (REIT) and excludes Business Services.

# Credit Risk (continued)

## 8.1 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 <sup>1</sup> |                     |                   |                        |              |                   |                          |                     |
|--|---------------------------|---------------------|-------------------|------------------------|--------------|-------------------|--------------------------|---------------------|
|  | 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 <sup>2</sup>                    | –                         | 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 <sup>3</sup>                  | 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                 |
| <b>Total credit exposures <sup>4</sup></b> | <b>765,432</b>            | <b>50,506</b>       | <b>12,442</b>     | <b>28,246</b>          | <b>9,666</b> | <b>5,220</b>      | <b>26,094</b>            | <b>20,417</b>       |

| Portfolio Type                             | Industry Sector (continued) |                                  |                             |                             |                                 |                         |               | Total            |
|--|-----------------------------|----------------------------------|-----------------------------|-----------------------------|---------------------------------|-------------------------|---------------|------------------|
|  | Manufacturing               | Commercial Property <sup>5</sup> | Government Admin. & Defence | Health & Community Services | Entertainment Leisure & Tourism | Electricity Gas & Water | Other         |                  |
|  | \$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         | <b>196,874</b>   |
| Sovereign                                  | –                           | –                                | 198,227                     | –                           | –                               | –                       | –             | <b>198,227</b>   |
| Financial institution                      | –                           | –                                | –                           | –                           | –                               | –                       | –             | <b>42,632</b>    |
| SME retail <sup>2</sup>                    | 1,049                       | 1,988                            | –                           | 1,035                       | 1,200                           | 43                      | 4,188         | <b>20,054</b>    |
| Residential mortgage                       | –                           | –                                | –                           | –                           | –                               | –                       | –             | <b>652,371</b>   |
| Qualifying revolving retail                | –                           | –                                | –                           | –                           | –                               | –                       | –             | <b>23,531</b>    |
| Other retail                               | –                           | –                                | –                           | –                           | –                               | –                       | –             | <b>8,220</b>     |
| Specialised lending                        | 346                         | –                                | –                           | –                           | 160                             | 2,516                   | 135           | <b>4,641</b>     |
| Other assets <sup>3</sup>                  | 45                          | –                                | –                           | –                           | –                               | –                       | 9,956         | <b>13,367</b>    |
| Central counterparties                     | –                           | –                                | –                           | –                           | –                               | –                       | –             | <b>2,616</b>     |
| RBNZ regulated entities                    | 1,646                       | 10,109                           | 14,907                      | 1,780                       | 837                             | 669                     | 1,112         | <b>130,966</b>   |
| <b>Total credit exposures <sup>4</sup></b> | <b>15,656</b>               | <b>85,162</b>                    | <b>213,134</b>              | <b>12,395</b>               | <b>14,627</b>                   | <b>10,166</b>           | <b>24,336</b> | <b>1,293,499</b> |

<sup>1</sup> Comparative information has been restated to conform to presentation in current period.

<sup>2</sup> SME retail business lending secured by residential property has been allocated by industry.

<sup>3</sup> Includes immaterial contributions from other standardised asset classes, including Domestic public sector entities, Commercial property, Land acquisition, development and construction, and Bank.

<sup>4</sup> Total credit risk exposures do not include equities or securitisation exposures.

<sup>5</sup> Commercial Property includes Real Estate Investment Trusts (REIT) and excludes Business Services.

# Credit Risk (continued)

## 8.1 Credit Risk Exposure – excluding Equities and Securitisation (continued)

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

| 30 June 2024                              |                 |                 |                  |                                 |                  |
|---|-----------------|-----------------|------------------|---------------------------------|------------------|
| Portfolio Type                            | ≤ 12mths<br>\$M | 1 ≤ 5yrs<br>\$M | > 5 years<br>\$M | No specified<br>maturity<br>\$M | Total<br>\$M     |
| Corporate (incl. Large and SME corporate) | 66,565          | 137,754         | 9,762            | –                               | 214,081          |
| Sovereign                                 | 49,458          | 32,981          | 51,794           | –                               | 134,233          |
| Financial institution                     | 30,110          | 13,447          | 343              | –                               | 43,900           |
| SME retail                                | 7,017           | 8,491           | 4,905            | –                               | 20,413           |
| Residential mortgage                      | 19,565          | 61,786          | 569,242          | 16,135                          | 666,728          |
| Qualifying revolving retail               | –               | –               | –                | 23,165                          | 23,165           |
| Other retail                              | 303             | 4,520           | 2,950            | 1,035                           | 8,808            |
| Specialised lending                       | 1,269           | 2,622           | 696              | –                               | 4,587            |
| Other assets                              | 2,858           | 603             | 198              | 7,581                           | 11,240           |
| Central counterparties                    | 1,100           | 1,042           | 973              | –                               | 3,115            |
| RBNZ regulated entities                   | 38,263          | 14,464          | 76,799           | –                               | 129,526          |
| <b>Total credit exposures<sup>1</sup></b> | <b>216,508</b>  | <b>277,710</b>  | <b>717,662</b>   | <b>47,916</b>                   | <b>1,259,796</b> |

<sup>1</sup> Total credit risk exposures do not include equities or securitisation exposures.

| 31 December 2023                          |                 |                 |                  |                                 |                  |
|---|-----------------|-----------------|------------------|---------------------------------|------------------|
| Portfolio Type                            | ≤ 12mths<br>\$M | 1 ≤ 5yrs<br>\$M | > 5 years<br>\$M | No specified<br>maturity<br>\$M | Total<br>\$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                                | 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          |
| <b>Total credit exposures<sup>1</sup></b> | <b>273,712</b>  | <b>271,955</b>  | <b>697,305</b>   | <b>53,566</b>                   | <b>1,296,538</b> |

<sup>1</sup> Total credit risk exposures do not include equities or securitisation exposures.

| 30 June 2023                              |                 |                 |                  |                                 |                  |
|---|-----------------|-----------------|------------------|---------------------------------|------------------|
| Portfolio Type                            | ≤ 12mths<br>\$M | 1 ≤ 5yrs<br>\$M | > 5 years<br>\$M | No specified<br>maturity<br>\$M | Total<br>\$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                                | 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          |
| <b>Total credit exposures<sup>1</sup></b> | <b>281,147</b>  | <b>267,122</b>  | <b>692,867</b>   | <b>52,363</b>                   | <b>1,293,499</b> |

<sup>1</sup> Total credit risk exposures do not include equities or securitisation exposures.



# Credit Risk (continued)

## 8.2 Non-performing Exposures and Provisions

### Provisioning for Impairment

The Group assesses and measures credit losses in accordance with statutory financial accounting requirements under the Australian Accounting Standards as issued by the Australian Accounting Standards Board (AASB), and APRA regulatory requirements.

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

A monthly assessment is undertaken to assess the quality of the credit portfolio to determine the loan impairment expense and provisions.

APRA Prudential Standard APS 220 *Credit Risk Management* requires provisions to be adequate and consistent with the objectives of Australian Accounting Standards.

APS 111 *Capital Adequacy: Measurement of Capital* (APS 111) requires the Group to reduce CET1 to the extent the amount of regulatory expected losses is in excess of APRA defined eligible provisions.

### Collective Provisions

The expected credit loss (ECL) impairment models are used by the Group to calculate collective provisions. ECL is a probability weighted expected credit loss estimated by evaluating a range of possible outcomes and taking into account the time value of money, past events, current conditions and forecasts of future economic conditions.

The Group uses the following AASB 9 collective provisioning models in calculating ECL for significant portfolios:

- Retail lending: Home Loans model, Credit Cards model, Personal Loans model; and
- Non-retail lending: Corporate Risk-Rated model, Asset Finance model, Retail SME model.

For each significant portfolio, ECL is calculated as a product of the Exposure at Default (EAD), Probability of Default (PD) and Loss Given Default (LGD). Credit risk factors of PD and LGD used in the ECL calculation are point-in-time estimates based on current conditions and adjusted to include the impact of multiple probability weighted future forecast economic scenarios. This is distinct from the long-run and downturn estimates used for regulatory purposes described in section 8.4.

### Individually Assessed Provisions

Individually Assessed Provisions (IAP) are held against financial assets that are individually significant, or which have been individually assessed as impaired.

Defaulted exposures with an expected loss in excess of \$20,000 are assessed for impairment through an IAP process. Impairment provisions on these exposures are calculated directly as the difference between the defaulted asset's carrying value and the present value of expected future cash flows including cash flows, from realisation of collateral, where applicable.

# Credit Risk (continued)

## 8.2 Non-performing Exposures and Provisions (continued)

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

|                                    | 30 June 2024                   |                                 |                  |
|------------------------------------|--------------------------------|---------------------------------|------------------|
|                                    | General provision <sup>1</sup> | Specific provision <sup>1</sup> | Total provisions |
|                                    | \$M                            | \$M                             | \$M              |
| Collective provision <sup>2</sup>  | 4,589                          | 834                             | 5,423            |
| Individual provisions <sup>2</sup> | –                              | 712                             | 712              |
| <b>Total regulatory provisions</b> | <b>4,589</b>                   | <b>1,546</b>                    | <b>6,135</b>     |

1 General provision balance includes collective provision on performing exposures, specific provision balance includes accounting collective provisions on non-performing exposures.

2 Provisions according to Australian Accounting Standards.

|                                    | 31 December 2023               |                                 |                  |
|------------------------------------|--------------------------------|---------------------------------|------------------|
|                                    | General provision <sup>1</sup> | Specific provision <sup>1</sup> | Total provisions |
|                                    | \$M                            | \$M                             | \$M              |
| Collective provision <sup>2</sup>  | 4,681                          | 649                             | 5,330            |
| Individual provisions <sup>2</sup> | –                              | 733                             | 733              |
| <b>Total regulatory provisions</b> | <b>4,681</b>                   | <b>1,382</b>                    | <b>6,063</b>     |

1 General provision balance includes collective provision on performing exposures, specific provision balance includes accounting collective provisions on non-performing exposures.

2 Provisions according to Australian Accounting Standards.

|                                    | 30 June 2023                   |                                 |                  |
|------------------------------------|--------------------------------|---------------------------------|------------------|
|                                    | General provision <sup>1</sup> | Specific provision <sup>1</sup> | Total provisions |
|                                    | \$M                            | \$M                             | \$M              |
| Collective provision <sup>2</sup>  | 4,598                          | 598                             | 5,196            |
| Individual provisions <sup>2</sup> | –                              | 754                             | 754              |
| <b>Total regulatory provisions</b> | <b>4,598</b>                   | <b>1,352</b>                    | <b>5,950</b>     |

1 General provision balance includes collective provision on performing exposures, specific provision balance includes accounting collective provisions on non-performing exposures.

2 Provisions according to Australian Accounting Standards.

# Credit Risk (continued)

## 8.2 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

| Industry Sector                     | 30 June 2024             |   |   |                                      |
|-------------------------------------|--------------------------|---|---|--------------------------------------|
|                                     | Non performing exposures | Specific provision balance <sup>1</sup> | Net full year charges for specific provisions | Full year actual losses <sup>2</sup> |
|                                     | \$M                      | \$M                                     | \$M   | \$M                                  |
| Consumer                            | 7,006                    | 736                                     | 581   | 387                                  |
| Government Administration & Defence | –                        | –                                       | –   | –                                    |
| Finance & Insurance                 | 42                       | 21                                      | 10  | 10                                   |
| Business Services                   | 153                      | 59                                      | 22  | 6                                    |
| Agriculture & Forestry              | 356                      | 37                                      | 14  | 15                                   |
| Mining, Oil & Gas                   | 28                       | 14                                      | (1)   | –                                    |
| Manufacturing                       | 243                      | 87                                      | 41  | 49                                   |
| Electricity, Gas & Water            | 2                        | –                                       | –   | –                                    |
| Construction                        | 288                      | 135                                     | 6   | 20                                   |
| Wholesale & Retail Trade            | 374                      | 187                                     | 58  | 69                                   |
| Transport & Storage                 | 192                      | 26                                      | 18  | 15                                   |
| Commercial Property                 | 357                      | 27                                      | 13  | 7                                    |
| Entertainment, Leisure & Tourism    | 238                      | 113                                     | 33  | 5                                    |
| Health & Community Services         | 212                      | 71                                      | 18  | 1                                    |
| Other                               | 127                      | 33                                      | 14  | 94                                   |
| <b>Total</b>                        | <b>9,618</b>             | <b>1,546</b>                            | <b>827</b>                                    | <b>678</b>                           |

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

2 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 2024.

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

| Industry Sector                     | 31 December 2023         |   |   |                                      |
|-------------------------------------|--------------------------|---|---|--------------------------------------|
|                                     | Non performing exposures | Specific provision balance <sup>1</sup> | Net half year charges for specific provisions | Half year actual losses <sup>2</sup> |
|                                     | \$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                                   |
| <b>Total</b>                        | <b>8,104</b>             | <b>1,382</b>                            | <b>342</b>                                    | <b>324</b>                           |

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

2 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

## Credit Risk (continued)

### 8.2 Non-performing Exposures and Provisions (continued)

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

| Industry Sector                     | 30 June 2023 <sup>1</sup>       |  |  |   |
|-------------------------------------|---------------------------------|--|--|---|
|                                     | Non performing exposures<br>\$M | Specific provision balance <sup>2</sup><br>\$M | Net full year charges for specific provisions<br>\$M | Full year actual losses <sup>3</sup><br>\$M |
| Consumer                            | 5,218                           | 538  | 76   | 266   |
| Government Administration & Defence | –                               | –  | –  | –   |
| Finance & Insurance                 | 68                              | 20   | 21   | 10  |
| Business Services                   | 140                             | 40   | (17)   | 4   |
| Agriculture & Forestry              | 264                             | 39   | (10)   | 17  |
| Mining, Oil & Gas                   | 35                              | 12   | 20   | 47  |
| Manufacturing                       | 197                             | 91   | 76   | 170   |
| Electricity, Gas & Water            | –                               | –  | –  | –   |
| Construction                        | 266                             | 130  | 100  | 18  |
| Wholesale & Retail Trade            | 424                             | 196  | 72   | 9   |
| Transport & Storage                 | 213                             | 29   | (15)   | 9   |
| Commercial Property                 | 201                             | 27   | 1  | 7   |
| Entertainment, Leisure & Tourism    | 239                             | 78   | (2)  | 5   |
| Health & Community Services         | 239                             | 66   | 48   | 1   |
| Other                               | 204                             | 86   | 21   | 13  |
| <b>Total</b>                        | <b>7,708</b>                    | <b>1,352</b>                                   | <b>391</b>   | <b>576</b>                                  |

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

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

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

#### Factors impacting the loss experience

The overall quality of the portfolio deteriorated slightly during the financial year ended 30 June 2024. Non-performing exposures increased by 25% over the full year from \$7.7bn to \$9.6bn. The Group's actual losses increased by \$102 million on the prior full year to \$678 million primarily driven by higher write-offs in the unsecured consumer portfolio and other non-retail sectors; partially offset by lower write-offs in manufacturing sector.

# Credit Risk (continued)

## 8.2 Non-performing Exposures and Provisions (continued)

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

| Portfolio <sup>4</sup>               | 30 June 2024                    |  |   |   |
|--------------------------------------|---------------------------------|--|---|---|
|                                      | Non performing exposures<br>\$M | Specific provision balance <sup>1</sup><br>\$M | Net full year charges for specific provisions <sup>2</sup><br>\$M | Full year actual losses <sup>3</sup><br>\$M |
| Corporate (Inc. Large and SME Corp.) | 1,863                           | 505  | 126   | 172   |
| Sovereign                            | –                               | –  | –   | –   |
| Financial Institution                | 1                               | 1  | –   | –   |
| SME Retail                           | 276                             | 103  | 87  | 57  |
| Residential Mortgage                 | 5,483                           | 459  | 171   | 32  |
| Qualifying Revolving Retail          | 74                              | 56   | 131   | 121   |
| Other Retail                         | 105                             | 79   | 219   | 208   |
| Specialised Lending                  | 115                             | 105  | 0   | 46  |
| Other Assets                         | 6                               | 2  | –   | –   |
| Central Counterparties               | –                               | –  | –   | –   |
| RBNZ Regulated Entities              | 1,695                           | 236  | 93  | 42  |
| <b>Total</b>                         | <b>9,618</b>                    | <b>1,546</b>                                   | <b>827</b>  | <b>678</b>                                  |

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

2 Includes charges for accounting collective provisions on non-performing exposures for the year ended 30 June 2024.

3 Actual losses equal write-offs from individual provisions and write-offs direct from collective provisions less recoveries of amounts previously written off for the year ended 30 June 2024.

4 Losses stemming from lower risk IPRE lending and overall losses from IPRE lending are less than 0.3% and 0.5% of outstanding IPRE exposures, respectively, in each of the past three years to 30 June 2024.

| Portfolio <sup>5</sup>               | 31 December 2023 <sup>1</sup>   |  |   |   |
|--------------------------------------|---------------------------------|--|---|---|
|                                      | Non performing exposures<br>\$M | Specific provision balance <sup>2</sup><br>\$M | Net half year charges for specific provisions <sup>3</sup><br>\$M | Half year actual losses <sup>4</sup><br>\$M |
| Corporate (Inc. Large and SME Corp.) | 1,780                           | 497  | 50  | 66  |
| Sovereign                            | –                               | –  | –   | –   |
| Financial Institution                | 1                               | 1  | –   | –   |
| SME Retail                           | 227                             | 85   | 61  | 29  |
| Residential Mortgage                 | 4,290                           | 353  | 40  | 4   |
| Qualifying Revolving Retail          | 69                              | 54   | 76  | 69  |
| Other Retail                         | 84                              | 58   | 89  | 97  |
| Specialised Lending                  | 131                             | 93   | (1)   | 43  |
| Other Assets                         | 49                              | 45   | –   | –   |
| Central Counterparties               | –                               | –  | –   | –   |
| RBNZ Regulated Entities              | 1,473                           | 196  | 27  | 16  |
| <b>Total</b>                         | <b>8,104</b>                    | <b>1,382</b>                                   | <b>342</b>  | <b>324</b>                                  |

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

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

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

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.

5 Losses stemming from lower risk IPRE lending and overall losses from IPRE lending are less than 0.3% and 0.5% of outstanding IPRE exposures, respectively, in each of the past three years to 31 December 2023.

# Credit Risk (continued)

## 8.2 Non-performing Exposures and Provisions (continued)

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

| Portfolio                            | 30 June 2023 <sup>1</sup> |   |  |                                      |
|--------------------------------------|---------------------------|---|--|--------------------------------------|
|                                      | Non performing exposures  | Specific provision balance <sup>2</sup> | Net full year charges for specific provisions <sup>3</sup> | Full year actual losses <sup>4</sup> |
|                                      | \$M                       | \$M                                     | \$M  | \$M                                  |
| Corporate (Inc. Large and SME Corp.) | 1,718                     | 501                                     | 257  | 264                                  |
| Sovereign                            | –                         | –                                       | –  | –                                    |
| Financial Institution                | 2                         | 1                                       | –  | –                                    |
| SME Retail                           | 228                       | 56                                      | 67   | 34                                   |
| Residential Mortgage                 | 3,920                     | 313                                     | (167)  | 27                                   |
| Qualifying Revolving Retail          | 61                        | 46                                      | 73   | 92                                   |
| Other Retail                         | 89                        | 68                                      | 128  | 133                                  |
| Specialised Lending                  | 144                       | 131                                     | 1  | 2                                    |
| Other Assets                         | 86                        | 48                                      | 1  | –                                    |
| Central Counterparties               | –                         | –                                       | –  | –                                    |
| RBNZ Regulated Entities              | 1,460                     | 188                                     | 31   | 24                                   |
| <b>Total</b>                         | <b>7,708</b>              | <b>1,352</b>                            | <b>391</b>   | <b>576</b>                           |

<sup>1</sup> Comparative information has been restated to conform to presentation in the current period.

<sup>2</sup> Specific provision balance includes accounting collective provisions on non-performing loans.

<sup>3</sup> Includes charges for accounting collective provisions on non-performing exposures for the year ended 30 June 2023.

<sup>4</sup> 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)

## 8.2 Non-performing Exposures and Provisions (continued)

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

| Geographic Region <sup>1</sup> | 30 June 2024                    |                                   |                                  |
|--------------------------------|---------------------------------|-----------------------------------|----------------------------------|
|                                | Non performing exposures<br>\$M | Specific provision balance<br>\$M | General provision balance<br>\$M |
| Australia                      | 7,776                           | 1,300                             | 4,119                            |
| New Zealand                    | 1,682                           | 234                               | 385                              |
| Other                          | 160                             | 12                                | 85                               |
| <b>Total</b>                   | <b>9,618</b>                    | <b>1,546</b>                      | <b>4,589</b>                     |

<sup>1</sup> Balances are reported based on the risk domicile of the borrower.

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

<sup>1</sup> Balances are reported based on the risk domicile of the borrower.

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

<sup>1</sup> Balances are reported based on the risk domicile of the borrower.

# Credit Risk (continued)

## 8.2 Non-performing Exposures and Provisions (continued)

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

|   | Group                        |                              |                                      | Total<br>\$M |
|---|------------------------------|------------------------------|--------------------------------------|--------------|
|   | Stage 1<br>Performing<br>\$M | Stage 2<br>Performing<br>\$M | Stage 3<br>Non-<br>performing<br>\$M |              |
| <b>Closing balance as at 31 December 2022</b>           | <b>1,736</b>                 | <b>2,452</b>                 | <b>1,353</b>                         | <b>5,541</b> |
| 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           |
| <b>Loan impairment expense/(benefit) for the period</b> | <b>(27)</b>                  | <b>432</b>                   | <b>192</b>                           | <b>597</b>   |
| Write-offs  | –                            | –                            | (256)                                | (256)        |
| Recoveries  | –                            | –                            | 44                                   | 44           |
| Foreign exchange and other commitments                  | –                            | 5                            | 19                                   | 24           |
| <b>Closing balance as at 30 June 2023</b>               | <b>1,709</b>                 | <b>2,889</b>                 | <b>1,352</b>                         | <b>5,950</b> |
| Transfers to/(from)                                     |                              |                              |                                      |              |
| 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          |
| <b>Loan impairment expense/(benefit) for the period</b> | <b>39</b>                    | <b>34</b>                    | <b>342</b>                           | <b>415</b>   |
| Write-offs  | –                            | –                            | (376)                                | (376)        |
| Recoveries  | –                            | –                            | 52                                   | 52           |
| Foreign exchange and other commitments                  | 5                            | 5                            | 12                                   | 22           |
| <b>Closing balance as at 31 December 2023</b>           | <b>1,753</b>                 | <b>2,928</b>                 | <b>1,382</b>                         | <b>6,063</b> |
| Transfers to/(from)                                     |                              |                              |                                      |              |
| Stage 1   | 780                          | (775)                        | (5)                                  | –            |
| Stage 2   | (353)                        | 459                          | (106)                                | –            |
| Stage 3   | (15)                         | (217)                        | 232                                  | –            |
| Net re-measurement on transfers between stages          | (583)                        | 822                          | 290                                  | 529          |
| Net financial assets originated                         | 278                          | (181)                        | (158)                                | (61)         |
| Movement in existing IAP (including IAP write-backs)    | –                            | –                            | 67                                   | 67           |
| Movements due to risk parameters and other changes      | (66)                         | (247)                        | 165                                  | (148)        |
| <b>Loan impairment expense/(benefit) for the period</b> | <b>41</b>                    | <b>(139)</b>                 | <b>485</b>                           | <b>387</b>   |
| Write-offs  | –                            | –                            | (430)                                | (430)        |
| Recoveries  | –                            | –                            | 76                                   | 76           |
| Foreign exchange and other commitments                  | 1                            | 5                            | 33                                   | 39           |
| <b>Closing balance as at 30 June 2024</b>               | <b>1,795</b>                 | <b>2,794</b>                 | <b>1,546</b>                         | <b>6,135</b> |

For definitions of the line items in the table above refer to Note 3.2 in the 2024 Annual Report.



# Credit Risk (continued)

## 8.3 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 used<sup>1</sup>.

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<sup>2</sup>;
- 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 8.6)

- 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 11.

2 On 1 May 2024, the Group completed the sale of its 99% shareholding in PT Bank Commonwealth (PTBC) to PT Bank OCBC NISP Tbk (OCBC Indonesia), a subsidiary of Overseas-Chinese Banking Corporation Limited (OCBC).

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)

## 8.3 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 <sup>1</sup> |               |               |
|--|--|---------------|---------------|
|  | 30 Jun 24  | 31 Dec 23     | 30 Jun 23     |
|  | \$M  | \$M           | \$M           |
| <b>Risk Weight</b>                           |  |               |               |
| 0%   | 2,187  | 4,695         | 2,317         |
| 20%  | 5,628  | 5,458         | 5,594         |
| 25%  | 2,191  | 2,214         | 2,088         |
| 30%  | 2,725  | 2,662         | 2,420         |
| 35%  | 3,641  | 3,394         | 3,139         |
| 40%  | 1,539  | 1,723         | 1,904         |
| 45%  | 1,024  | 1,061         | 1,063         |
| 50%  | 1,268  | 1,879         | 2,030         |
| 55%  | 119  | 127           | 187           |
| 75%  | 828  | 881           | 1,282         |
| 85%  | 509  | 513           | 340           |
| 100%   | 8,291  | 10,007        | 10,054        |
| 105%   | 140  | 105           | 93            |
| 150%   | 143  | 176           | 142           |
| > 150%                                       | 42   | 43            | 37            |
| Other risk weights                           | 235  | 228           | 222           |
| Capital deductions                           | –  | –             | –             |
| <b>Total (excl. RBNZ regulated entities)</b> | <b>30,510</b>                                      | <b>35,166</b> | <b>32,912</b> |
| RBNZ regulated entities                      | 19,281   | 20,875        | 20,633        |
| <b>Total</b>                                 | <b>49,791</b>                                      | <b>56,041</b> | <b>53,545</b> |

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

| Specialised Lending Exposures Subject to Supervisory Slotting | Exposure after credit risk mitigation <sup>1 2</sup> |              |              |
|---|--|--------------|--------------|
|   | 30 Jun 24  | 31 Dec 23    | 30 Jun 23    |
|   | \$M  | \$M          | \$M          |
| <b>Risk Weight</b>  |  |              |              |
| 0%  | 184  | 175          | 144          |
| 70%   | 1,902  | 1,829        | 1,996        |
| 90%   | 2,292  | 2,184        | 2,266        |
| 115%  | 192  | 191          | 115          |
| 250%  | 17   | 19           | 120          |
| RBNZ regulated entities                                       | 4,211  | 4,138        | 4,043        |
| <b>Total exposures</b>  | <b>8,798</b>   | <b>8,536</b> | <b>8,684</b> |

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

<sup>2</sup> Excludes IPRE exposures now recognised in either AIRB or FIRB asset class.

# Credit Risk (continued)

## 8.4 Portfolios Subject to Internal Ratings-based Approaches

The Group, with the exception of some relatively small portfolios, is accredited to use Internal Ratings-based approaches to calculate its capital requirements under APS 113 *Capital Adequacy: Internal Ratings-based Approach to Credit Risk* (APS 113).

### Credit Risk Measurement

The measurement of credit risk is based on an internal credit risk rating system which uses expert judgement and analytical PD Rating Models to calculate credit risk estimates, including borrower PD, facility LGD, and facility EAD. These are inputs into the estimation of Expected Loss (EL) and Unexpected Loss (UL) for the credit portfolio.

The Model Risk Governance Committee oversees Group credit rating models and processes to ensure appropriate credit risk estimates are developed and used, model performance is reviewed on a regular basis and that there is consistency across BU credit models as appropriate.

### Probability of Default

The PD, expressed as a percentage, is the estimate of the population of borrowers or counterparties assigned to a PD grade that will default within a one year period. It 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. The PD rating methodology applied to the various segments of the credit portfolio is shown in Table 9c.

PD estimates are based on a long-run average default rate based on the Group's historical data, supplemented with external data where applicable. Borrower or counterparty risk characteristics and account performance criteria are used to define retail risk pools. Pools may be combined to ensure the number of exposures within a given pool is sufficient to allow quantification of reliable estimates and to facilitate validation of loss characteristics at the pool level.

Models are independently validated and confidence intervals are calculated to statistically demonstrate that PD estimates are adequately calibrated to actual default rates, and for assessing that retail pools meaningfully differentiate risk. PD model results are calibrated to obtain long-run PDs that reflect the central tendency over a full economic cycle.

The credit risk portfolio has two major PD rating segments:

- (i) Risk-Rated; and
- (ii) Retail Managed.

#### (i) Risk-Rated Segment

This segment comprises non-retail exposures including financial institution and sovereign exposures. Non-retail exposures to borrowers or counterparties with consolidated annual revenue less than \$75 million that are required to be risk-rated and individually managed under the Group's internal credit policy are classified under the SME corporate asset class.

The credit risk rating system for non-retail exposures currently in use includes 24 PD grades (16 performing, 6 weak/doubtful, 1 restructured, 1 defaulted).

Borrowers or counterparties that are risk-rated have their PD rating assigned via expert judgement and the appropriate PD Rating Model. Under expert judgement, PD ratings are assigned based on the expert knowledge of the credit officer conducting the review. The credit officer may use multiple rating inputs to assist with the rating decision, including the use of internal PD Rating Models, the ratings assigned by an external rating agency, benchmark rating criteria, management capability and integrity, market or other relevant information.

PD Rating Models are used to form a benchmark in the rating process and are based on customer financials and a number of management related questions.

For the lending businesses across the Group (including within CBA and ASB), PD Rating Models are the primary method of assigning a PD rating. PD Rating Models are statistical models designed to predict the rating outcome. Ratings are assigned based on the responses to a series of questions relating to the financial condition of the customer's business, as well as questions relating to management capability and integrity. The responses are weighted by their importance in predicting credit quality and are used to calculate an overall score upon which the PD rating is determined. Across the group, there are five key PD Rating models that cover specialist segments such as Agribusiness, property developers, property investor, large corporate borrowers, and a generalist segment that covers all remaining commercial borrowers.

The PD rating reflects the estimated probability of default for that grade over a one year horizon. The Group uses a through-the-cycle (TTC) approach whereby PD ratings are based on longer term considerations to capture a borrower's ability to perform through a credit cycle. External rating agencies also use a TTC PD rating approach.

The Group's PD rating criteria reflect both long-run and current considerations of the financial health of a borrower or counterparty.

PD ratings fall within the following major categories:

- Exceptional – (A0 through to A3) – a strong profit history with principal and interest repayments covered by large stable operating cash surpluses;
- Very Strong/Strong – (B1 through to C3) – a strongly performing business with principal and interest payments well protected by stable operating cash surpluses;
- Good/Satisfactory – (D1 through to E3) – a soundly performing business with sufficient operating cash surpluses to meet all principal and interest repayments;
- Weak/Doubtful – (F1 through to G3) – profitability has been weak and the capacity to meet financial commitments is diminished with a potential for default;
- Restructured – (R) – concessions of interest and/or principal obligations have been provided due to the borrower or counterparty's financial difficulties, rendering the facility non-commercial to the Group. Restructured facilities are treated as non-performing assets; and
- Default – (H) – the obligation is in default (see below).

A borrower or counterparty whose PD rating is "Weak/Doubtful" (excluding F grade – well secured) or "Default" is not eligible for new facilities or increased exposure unless it will facilitate rehabilitation or protect or improve the Group's position by maximising recovery prospects. Borrowers or counterparties with all other PD ratings qualify for approval of new facilities or increased exposure on normal commercial terms. Assignments of borrower or counterparty PD ratings are reviewed at least annually with higher risk exposures being reviewed more frequently. Rating reviews are also initiated when material new information on a borrower or counterparty comes to light.

For the purpose of determining the PD rating, default is defined as any one of the following:

- The borrower or counterparty is 90 days or more overdue on a scheduled credit obligation to the Group; and/or
- Regardless of the days past-due, the borrower or counterparty is unlikely to repay their credit obligation to the Group in full, without the Group taking action such as realising available security.

# Credit Risk (continued)

## 8.4 Portfolios Subject to Internal Ratings-based Approaches (continued)

### Probability of Default (continued)

Material deviations from the reference default definition are not permitted.

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

#### (ii) Retail Managed Segment

This segment has seven key PD models for sub-segments covering housing loan, credit card, personal loan facilities, and personal overdrafts. It also includes two key PD models for SME retail and asset finance which covers most non-retail lending where the aggregated credit exposure to a group of related borrowers or counterparties is less than \$1.5 million.

The Group has been using scorecards to "auto-decision" loan applications for over twenty years in its consumer retail divisions and more recently for SME retail applications. These are auto-decisioned for the approval of credit using a scorecard approach whereby the performance of historical applications is supplemented by information from a credit reference bureau and/or from the Group's existing knowledge of a borrower or counterparty's behaviour. Loan applications that do not meet scorecard auto-decisioning requirements may be referred to a Personal Credit Approval Authority for manual decisioning.

Borrowers or counterparties with similar risk characteristics, products and subject to the same origination process are allocated the same PD.

Portfolios in the Retail Managed Segment are managed using behavioural scoring systems and a delinquency band approach (e.g. actions taken when loan payments are greater than 30 days past due differ from actions when payments are greater than 60 days past due) and are reviewed by the relevant Risk Management team.

Financial assets in the retail segment are classified as secured or unsecured. Unsecured facilities (e.g. credit cards) are considered impaired at 90 days past due and are generally written off once they reach 180 days past due (unless arrangements have been made between the borrower and the Group).

Secured facilities (e.g. home loans) are classified as non-performing when a facility is 90 days past due, the facility has been formally restructured on non-commercial terms; or judgement is made that there is reasonable evidence that the customer is unable to meet contractual obligations and it is not well secured.

Common PD, EAD and LGD methodologies are followed in constructing the internal ratings process for residential mortgages, qualifying revolving retail exposures and other retail advances with the default definition applied when payment on a facility is 90 days or more past due, or there are indications of unlikelihood to pay (e.g. a write-off amount exists against the facility).

### Loss Given Default

LGDs are derived using data from accounts that were in default during any given month within the modelling observation period.

LGD is estimated as the net present value of the post default loss, including an allowance for internal and external costs, expressed as a percentage of the EAD.

Amounts recovered and the associated costs of recovery after the point of default are discounted using an appropriate discount rate inclusive of a risk premium.

LGD is impacted by:

- The level of security cover and the type of collateral held;
- Liquidity and volatility of collateral value;

- Carrying costs (effectively the costs of providing a facility that is not generating an interest return); and
- Realisation costs.

For calculating regulatory capital an estimated downturn LGD is used that reflects likely recovery rates under stressed economic conditions. Models are independently validated and back-testing of actual losses is performed to assess the adequacy of LGD estimates.

It is recognised that some accounts will cure after entering default. Cure rates are an important aspect of estimating a downturn LGD that is consistent with economic recession conditions. LGD estimates may be adjusted for exposures that have remained in default for a long time period (e.g. more than five years) and are not yet finalised.

For large corporate, corporate, SME corporate and SME retail borrowers or counterparties, where collateral is provided as security, an LGD rating is applied based on the security cover ratio, after taking into consideration the security lending margins applied to various security asset types. The LGD rating provides an estimate of the likely loss in the event of default, based on past experience. Secured commercial exposures receive an LGD rating of A-F. By way of examples:

- An LGD rating of A is applied only to very well secured exposures where the security cover ratio exceeds 140%;
- An LGD rating of C reflects a security cover ratio of 100%; and
- An LGD rating of F applies where the security cover is greater than 0% and less than 40%.

Across the group there are two key LGD models that cover these portfolios with the split based on those that are SME retail, and non SME retail borrowers. A specialist asset finance LGD model is also used where the underlying exposure is to finance an asset.

For retail exposures, accounts are segmented into homogeneous LGD pools based on product/loan type, secured/unsecured status, Current Loan to Value ratio, and other relevant attributes. The LGD modelling approach for Australian retail exposures secured by residential real estate considers the likelihood of liquidation and a collateral haircut model which determines the loss given liquidation.

The Group has policies, standards and procedures in place setting out the circumstances where acceptable and appropriate collateral is to be taken, including valuation parameters, review frequency and independence of valuation.

Collateral types are discussed in further detail in section 8.5 "Credit Risk Mitigation".

### Exposure at Default

EAD is the estimate of the amount of a facility that will be outstanding in the event of default.

For defaulted facilities, it is the actual amount outstanding at the time of default.

For non-defaulted committed facilities, it is based on the actual amount outstanding, plus the undrawn amount multiplied by a credit conversion factor, which represents the potential rate of conversion from the undrawn amount 12 months prior to default, to the drawn amount at default. For committed non-retail facilities, the Group applies a supervisory credit conversion factor to the undrawn amount, ranging from 0% to 100%. EAD is not recognised for those exposures where APRA's definition of a commitment is not met.

For revolving retail exposures, a modelling approach is used based on factors including limit usage, arrears and loan type to segment accounts into homogeneous pools for the calculation.

# Credit Risk (continued)

## 8.4 Portfolios Subject to Internal Ratings-based Approaches (continued)

### Expected Loss

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.

### Unexpected Loss

The UL for each portfolio segment is calculated based on a given level of confidence that the magnitude of the UL will not be exceeded with a known probability. UL represents the difference between EL and the point on the loss distribution associated with the required level of probability that the loss is not to exceed. The Group holds capital to cover the UL. UL is calculated based on the Basel III Framework using a 99.9% probability that UL will not be exceeded.

### Uses of Internal Estimates of Credit Risk Components other than for Regulatory Capital Purposes

There are additional business uses for PDs, LGDs and EADs that might include:

- Management of credit risk concentrations - through the Large Credit Exposure, Industry Sector Concentration and Country Risk Exposure policies;
- Loan origination and credit quality control - through the generation and monitoring of credit risk ratings;
- Calculation of some accounting collective provisions;
- Capital budgeting - through modelling of business plans under expected and stressed scenarios; and
- Aligning risk culture to the Group's risk appetite - through its internal risk-based-pricing performance framework ensuring the Group generates appropriate economic returns through its risk-pricing framework at both:
  - a transactional level where long-run EL is factored into interest margins and fees; and
  - a portfolio level via Profit After Capital Charge and Return on Target Equity frameworks.

### Credit Risk Ratings System

The Credit Risk Rating (CRR) is assigned by reference to a matrix that maps the PD and long-run LGD to a number commensurate with EL.

The Group uses its credit risk estimates to price transactions, measure performance and help determine the amount of capital required to support business activities.

The Group's credit risk estimates are subject to annual review in accordance with approved model policies and standards to ensure independent validation and testing of assigned risk estimates.

**Table 9b – Internal ratings structure for credit risk exposures and mapping to external ratings**

| Description        | Internal Rating | Probability of Default (Internal) | 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% <sup>1</sup>                 | -          | -              |
| Defaulted          | H               | 100%                              | D          | C              |

<sup>1</sup> 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 solely determined 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)

## 8.4 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

|   | 30 June 2024     |                      |                     |                  |                 |                   |                | Total<br>\$M   |
|---|------------------|----------------------|---------------------|------------------|-----------------|-------------------|----------------|----------------|
|   | 0 < 0.03%<br>\$M | 0.03% < 0.15%<br>\$M | 0.15% < 0.5%<br>\$M | PD Band          |                 |                   | Default<br>\$M |                |
|   |                  |                      |                     | 0.5% < 3%<br>\$M | 3% < 10%<br>\$M | 10% < 100%<br>\$M |                |                |
| <b>Non-retail <sup>1</sup></b>                                  |                  |                      |                     |                  |                 |                   |                |                |
| <b>Total credit risk exposures</b>                              |                  |                      |                     |                  |                 |                   |                |                |
| Corporate (incl. Large and SME corporate)                       | –                | 19,764               | 57,526              | 124,150          | 6,630           | 2,847             | 2,082          | <b>212,999</b> |
| Sovereign   | 114,693          | 19,121               | 413                 | 5                | –               | –                 | –              | <b>134,232</b> |
| Financial institution   | –                | 39,994               | 3,325               | 564              | 14              | –                 | 3              | <b>43,900</b>  |
| <b>Total IRB approach</b>                                       | 114,693          | 78,879               | 61,264              | 124,719          | 6,644           | 2,847             | 2,085          | <b>391,131</b> |
| RBNZ regulated entities   | –                | 1,067                | 6,295               | 19,188           | 775             | 459               | 331            | <b>28,115</b>  |
| <b>Total credit risk exposures</b>                              | 114,693          | 79,946               | 67,559              | 143,907          | 7,419           | 3,306             | 2,416          | <b>419,246</b> |
| <b>Undrawn commitments <sup>2</sup></b>                         |                  |                      |                     |                  |                 |                   |                |                |
| Corporate (incl. Large and SME corporate)                       | –                | 4,872                | 11,030              | 13,657           | 765             | 313               | 77             | <b>30,714</b>  |
| Sovereign   | 586              | 244                  | 43                  | 2                | –               | –                 | –              | <b>875</b>     |
| Financial institution   | –                | 5,948                | 943                 | 141              | 1               | –                 | –              | <b>7,033</b>   |
| <b>Total IRB approach</b>                                       | 586              | 11,064               | 12,016              | 13,800           | 766             | 313               | 77             | <b>38,622</b>  |
| RBNZ regulated entities   | –                | 373                  | 1,269               | 2,014            | 49              | 91                | 8              | <b>3,804</b>   |
| <b>Total undrawn commitments</b>                                | 586              | 11,437               | 13,285              | 15,814           | 815             | 404               | 85             | <b>42,426</b>  |
| <b>Exposure - average EAD (\$M)</b>                             |                  |                      |                     |                  |                 |                   |                |                |
| Corporate (incl. Large and SME corporate)                       | –                | 1,882                | 1,854               | 0,886            | 0,852           | 0,595             | 0,579          | <b>1,077</b>   |
| Sovereign   | 7,394            | 23,490               | 0,789               | 0,304            | –               | –                 | –              | <b>7,957</b>   |
| Financial institution   | –                | 2,232                | 1,827               | 0,914            | 0,222           | –                 | 0,527          | <b>2,148</b>   |
| RBNZ regulated entities   | –                | 4,520                | 1,070               | 0,601            | 0,333           | 0,573             | 0,593          | <b>0,674</b>   |
| <b>Exposure - weighted average LGD (%)</b>                      |                  |                      |                     |                  |                 |                   |                |                |
| Corporate (incl. Large and SME corporate)                       | –                | 40.4                 | 33.6                | 25.2             | 24.0            | 29.6              | 32.2           | <b>29.0</b>    |
| Sovereign   | 5.2              | 21.1                 | 26.7                | 37.7             | –               | –                 | –              | <b>7.5</b>     |
| Financial institution   | –                | 48.2                 | 51.1                | 34.2             | 20.1            | 75.0              | 50.0           | <b>48.3</b>    |
| RBNZ regulated entities   | –                | 53.9                 | 31.6                | 26.8             | 27.4            | 38.6              | 37.3           | <b>29.2</b>    |
| <b>Exposure - weighted average risk weight (%) <sup>3</sup></b> |                  |                      |                     |                  |                 |                   |                |                |
| Corporate (incl. Large and SME corporate) <sup>4</sup>          | –                | 23.9                 | 43.6                | 56.8             | 92.5            | 164.8             | 95.9           | <b>53.1</b>    |
| Sovereign   | 1.5              | 2.9                  | 31.3                | 62.0             | –               | –                 | –              | <b>1.8</b>     |
| Financial institution   | –                | 19.6                 | 56.0                | 86.5             | 84.2            | 454.4             | –              | <b>23.2</b>    |
| RBNZ regulated entities   | –                | 31.5                 | 35.7                | 52.7             | 96.1            | 216.5             | 250.6          | <b>54.3</b>    |

- 1 Total credit risk exposures do not include specialised lending, equity or securitisation exposures.
- 2 The credit exposure value of undrawn commitments included in Total credit risk exposures above.
- 3 Includes 1.10 scaling factor.
- 4 Includes cumulative \$4.2 billion overlays in relation to corporate PD models.

# Credit Risk (continued)

## 8.4 Portfolios Subject to Internal Ratings-based Approaches (continued)

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

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

- 1 Total credit risk exposures do not include specialised lending, equity or securitisation exposures.
- 2 The credit exposure value of undrawn commitments included in Total credit risk exposures above.
- 3 Includes 1.10 scaling factor.
- 4 Includes cumulative \$4.2 billion overlays in relation to corporate PD models.

# Credit Risk (continued)

## 8.4 Portfolios Subject to Internal Ratings-based Approaches (continued)

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

|   | 30 June 2023     |                      |                     |                  |                 |                   |                | Total<br>\$M   |
|---|------------------|----------------------|---------------------|------------------|-----------------|-------------------|----------------|----------------|
|   | PD Band          |                      |                     |                  |                 |                   |                |                |
| Non-retail <sup>1</sup>   | 0 < 0.03%<br>\$M | 0.03% < 0.15%<br>\$M | 0.15% < 0.5%<br>\$M | 0.5% < 3%<br>\$M | 3% < 10%<br>\$M | 10% < 100%<br>\$M | Default<br>\$M |                |
| <b>Total credit risk exposures</b>                              |                  |                      |                     |                  |                 |                   |                |                |
| Corporate (incl. Large and SME corporate)                       | –                | 20,624               | 53,113              | 112,891          | 5,696           | 2,144             | 1,847          | <b>196,315</b> |
| Sovereign   | 180,686          | 16,740               | 278                 | 3                | –               | –                 | –              | <b>197,707</b> |
| Financial institution   | –                | 38,143               | 3,962               | 515              | 9               | 1                 | 2              | <b>42,632</b>  |
| <b>Total IRB approach</b>                                       | 180,686          | 75,507               | 57,353              | 113,409          | 5,705           | 2,145             | 1,849          | <b>436,654</b> |
| RBNZ regulated entities   | –                | 1,610                | 6,558               | 18,945           | 734             | 310               | 296            | <b>28,453</b>  |
| <b>Total credit risk exposures</b>                              | 180,686          | 77,117               | 63,911              | 132,354          | 6,439           | 2,455             | 2,145          | <b>465,107</b> |
| <b>Undrawn commitments <sup>2</sup></b>                         |                  |                      |                     |                  |                 |                   |                |                |
| Corporate (incl. Large and SME corporate)                       | –                | 4,546                | 11,296              | 14,115           | 402             | 218               | 102            | <b>30,679</b>  |
| Sovereign   | 334              | 200                  | 26                  | 2                | –               | –                 | –              | <b>562</b>     |
| Financial institution   | –                | 5,937                | 1,231               | 124              | 1               | –                 | 1              | <b>7,294</b>   |
| <b>Total IRB approach</b>                                       | 334              | 10,683               | 12,553              | 14,241           | 403             | 218               | 103            | <b>38,535</b>  |
| RBNZ regulated entities   | –                | 331                  | 1,465               | 1,714            | 42              | 24                | 25             | <b>3,601</b>   |
| <b>Total undrawn commitments</b>                                | 334              | 11,014               | 14,018              | 15,955           | 445             | 242               | 128            | <b>42,136</b>  |
| <b>Exposure - average EAD (\$M)</b>                             |                  |                      |                     |                  |                 |                   |                |                |
| Corporate (incl. Large and SME corporate)                       | –                | 2,079                | 1,455               | 0,869            | 0,723           | 0,480             | 0,496          | <b>1,021</b>   |
| Sovereign   | 12,860           | 18,684               | 0,599               | 0,148            | –               | –                 | –              | <b>12,806</b>  |
| Financial institution   | –                | 2,210                | 1,865               | 0,652            | 0,267           | 0,072             | 0,107          | <b>2,107</b>   |
| RBNZ regulated entities   | –                | 6,793                | 0,961               | 0,588            | 0,394           | 0,570             | 0,615          | <b>0,674</b>   |
| <b>Exposure - weighted average LGD (%)</b>                      |                  |                      |                     |                  |                 |                   |                |                |
| Corporate (incl. Large and SME corporate)                       | –                | 39.2                 | 32.9                | 25.4             | 22.8            | 27.5              | 33.3           | <b>28.9</b>    |
| Sovereign   | 4.8              | 21.9                 | 36.3                | 45.7             | –               | –                 | –              | <b>6.3</b>     |
| Financial institution   | –                | 49.1                 | 49.5                | 28.5             | 64.0            | 75.0              | 31.3           | <b>48.9</b>    |
| RBNZ regulated entities   | –                | 58.6                 | 33.5                | 27.6             | 30.4            | 31.5              | 45.0           | <b>31.0</b>    |
| <b>Exposure - weighted average risk weight (%) <sup>3</sup></b> |                  |                      |                     |                  |                 |                   |                |                |
| Corporate (incl. Large and SME corporate) <sup>4</sup>          | –                | 25.0                 | 41.7                | 57.2             | 84.9            | 157.8             | 140.0          | <b>52.3</b>    |
| Sovereign   | 0.9              | 3.2                  | 33.1                | 72.8             | –               | –                 | –              | <b>1.1</b>     |
| Financial institution   | –                | 21.8                 | 53.2                | 76.3             | 283.0           | 479.4             | –              | <b>25.5</b>    |
| RBNZ regulated entities   | –                | 29.6                 | 37.6                | 53.7             | 111.1           | 176.6             | 388.1          | <b>54.9</b>    |

<sup>1</sup> Total credit risk exposures do not include specialised lending, equity or securitisation exposures.

<sup>2</sup> The credit exposure value of undrawn commitments included in Total credit risk exposures above.

<sup>3</sup> Includes 1.10 scaling factor.

<sup>4</sup> Includes cumulative \$3.5 billion overlays in relation to corporate PD models.



# Credit Risk (continued)

## 8.4 Portfolios Subject to Internal Ratings-based Approaches (continued)

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

| Retail  | 30 June 2024    |                    |                    |                  |                 |                   |                | Total<br>\$M   |
|---|-----------------|--------------------|--------------------|------------------|-----------------|-------------------|----------------|----------------|
|   | 0 < 0.1%<br>\$M | 0.1% < 0.3%<br>\$M | 0.3% < 0.5%<br>\$M | PD Band          |                 | 10% < 100%<br>\$M | Default<br>\$M |                |
|   |                 |                    |                    | 0.5% < 3%<br>\$M | 3% < 10%<br>\$M |                   |                |                |
| <b>Total credit risk exposures</b>                              |                 |                    |                    |                  |                 |                   |                |                |
| SME retail  | –               | 1,317              | 2,304              | 9,960            | 4,224           | 1,484             | 288            | <b>19,577</b>  |
| Residential mortgage  | 175,918         | 184,883            | 86,263             | 167,639          | 28,673          | 936               | 5,302          | <b>649,614</b> |
| Qualifying revolving retail                                     | 88              | 14,654             | 2,882              | 3,937            | 1,310           | 215               | 79             | <b>23,165</b>  |
| Other retail  | 53              | 194                | 190                | 4,075            | 3,312           | 643               | 104            | <b>8,571</b>   |
| <b>Total IRB approach</b>                                       | <b>176,059</b>  | <b>201,048</b>     | <b>91,639</b>      | <b>185,611</b>   | <b>37,519</b>   | <b>3,278</b>      | <b>5,773</b>   | <b>700,927</b> |
| RBNZ regulated entities   | –               | 11,621             | 16,872             | 47,260           | 804             | –                 | 1,362          | <b>77,919</b>  |
| <b>Total credit risk exposures</b>                              | <b>176,059</b>  | <b>212,669</b>     | <b>108,511</b>     | <b>232,871</b>   | <b>38,323</b>   | <b>3,278</b>      | <b>7,135</b>   | <b>778,846</b> |
| <b>Undrawn commitments <sup>1</sup></b>                         |                 |                    |                    |                  |                 |                   |                |                |
| SME retail  | –               | 1,126              | 1,323              | 2,656            | 799             | 149               | 20             | <b>6,073</b>   |
| Residential mortgage  | 39,992          | 23,303             | 6,250              | 3,883            | 79              | 4                 | 17             | <b>73,528</b>  |
| Qualifying revolving retail                                     | 76              | 11,194             | 1,942              | 1,457            | 224             | 26                | 4              | <b>14,923</b>  |
| Other retail  | 37              | 10                 | 26                 | 1,099            | 68              | 39                | 1              | <b>1,280</b>   |
| <b>Total IRB approach</b>                                       | <b>40,105</b>   | <b>35,633</b>      | <b>9,541</b>       | <b>9,095</b>     | <b>1,170</b>    | <b>218</b>        | <b>42</b>      | <b>95,804</b>  |
| RBNZ regulated entities   | –               | 4,104              | 1,763              | 2,463            | 90              | –                 | 12             | <b>8,432</b>   |
| <b>Total undrawn commitments</b>                                | <b>40,105</b>   | <b>39,737</b>      | <b>11,304</b>      | <b>11,558</b>    | <b>1,260</b>    | <b>218</b>        | <b>54</b>      | <b>104,236</b> |
| <b>Exposure - average EAD (\$M)</b>                             |                 |                    |                    |                  |                 |                   |                |                |
| SME retail  | –               | 0.048              | 0.075              | 0.070            | 0.149           | 0.133             | 0.072          | <b>0.080</b>   |
| Residential mortgage  | 0.359           | 0.353              | 0.354              | 0.345            | 0.307           | 0.296             | 0.361          | <b>0.350</b>   |
| Qualifying revolving retail                                     | 0.004           | 0.009              | 0.008              | 0.008            | 0.007           | 0.004             | 0.006          | <b>0.008</b>   |
| Other retail  | 0.005           | 0.583              | 0.022              | 0.008            | 0.013           | 0.002             | 0.004          | <b>0.008</b>   |
| RBNZ regulated entities   | –               | 0.059              | 0.091              | 0.077            | 0.006           | –                 | 0.093          | <b>0.069</b>   |
| <b>Exposure - weighted average LGD (%)</b>                      |                 |                    |                    |                  |                 |                   |                |                |
| SME retail  | –               | 41.8               | 34.1               | 38.8             | 30.7            | 33.2              | 41.7           | <b>36.3</b>    |
| Residential mortgage <sup>2</sup>                               | 13.7            | 14.9               | 16.0               | 16.6             | 17.5            | 15.9              | 20.0           | <b>15.3</b>    |
| Qualifying revolving retail                                     | 81.0            | 84.9               | 84.1               | 84.4             | 84.2            | 84.1              | 84.6           | <b>84.6</b>    |
| Other retail  | 97.9            | 96.1               | 100.0              | 64.2             | 80.8            | 85.9              | 86.5           | <b>74.3</b>    |
| RBNZ regulated entities   | –               | 17.5               | 18.2               | 21.9             | 35.0            | –                 | 23.2           | <b>20.6</b>    |
| <b>Exposure - weighted average risk weight (%) <sup>3</sup></b> |                 |                    |                    |                  |                 |                   |                |                |
| SME retail  | –               | 15.7               | 24.1               | 52.0             | 65.0            | 104.4             | 203.0          | <b>55.3</b>    |
| Residential mortgage  | 6.1             | 8.9                | 16.5               | 39.4             | 90.1            | 136.2             | 200.6          | <b>22.4</b>    |
| Qualifying revolving retail                                     | 5.0             | 5.7                | 14.2               | 45.7             | 130.3           | 210.7             | 203.2          | <b>23.2</b>    |
| Other retail  | 24.6            | 37.2               | 62.0               | 79.6             | 130.1           | 181.7             | 174.9          | <b>106.2</b>   |
| RBNZ regulated entities   | –               | 7.5                | 16.2               | 37.6             | 105.9           | –                 | 204.4          | <b>32.1</b>    |

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

2 Excludes a \$7.4 billion RWA overlay that has been applied at 30 June 2024 for regulatory capital purposes.

3 Includes 1.10 scaling factor.

# Credit Risk (continued)

## 8.4 Portfolios Subject to Internal Ratings-based Approaches (continued)

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

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

<sup>1</sup> The credit exposure value of undrawn commitments included in Total credit risk exposures above.

<sup>2</sup> Excludes a \$7.4 billion RWA overlay that has been applied at 31 December 2023 for regulatory capital purposes.

<sup>3</sup> Includes 1.10 scaling factor.

# Credit Risk (continued)

## 8.4 Portfolios Subject to Internal Ratings-based Approaches (continued)

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

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

<sup>1</sup> The credit exposure value of undrawn commitments included in Total credit risk exposures above.

<sup>2</sup> Excludes a \$7.4 billion RWA overlay that has been applied at 30 June 2023 for regulatory capital purposes.

<sup>3</sup> Includes 1.10 scaling factor.

# Credit Risk (continued)

## 8.4 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                                      | 30 June 2024                             |              |               |
|---|--|--------------|---------------|
|   | Full year losses in the reporting period |              |               |
|   | Gross write-offs                         | Recoveries   | Actual losses |
|   | \$M                                      | \$M          | \$M           |
| Corporate (incl. Large & SME corporate)             | 190                                      | (18)         | 172           |
| Specialised lending                                 | 46                                       | –            | 46            |
| <b>Total corporate</b>                              | <b>236</b>                               | <b>(18)</b>  | <b>218</b>    |
| Sovereign   | –  | –            | –             |
| Financial institution                               | –  | –            | –             |
| SME retail  | 57                                       | (3)          | 54            |
| Residential mortgage                                | 26                                       | (3)          | 23            |
| Qualifying revolving retail                         | 169                                      | (47)         | 122           |
| Other retail  | 245                                      | (47)         | 198           |
| Other assets  | –  | –            | –             |
| Central counterparties                              | –  | –            | –             |
| <b>Total IRB and specialised lending portfolios</b> | <b>733</b>                               | <b>(118)</b> | <b>615</b>    |
| Non-retail  | 10                                       | –            | 10            |
| Retail  | 20                                       | (4)          | 16            |
| <b>Total RBNZ regulated entities</b>                | <b>30</b>                                | <b>(4)</b>   | <b>26</b>     |

# Credit Risk (continued)

## 8.4 Portfolios Subject to Internal Ratings-based Approaches (continued)

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

| Portfolio Type                                      | 31 December 2023                         |                   |                      |
|---|--|-------------------|----------------------|
|   | Half year losses in the reporting period |                   |                      |
|   | Gross write-offs<br>\$M                  | Recoveries<br>\$M | Actual losses<br>\$M |
| Corporate (incl. SME corporate)                     | 69                                       | (3)               | 66                   |
| Specialised lending                                 | 43                                       | –                 | 43                   |
| <b>Total corporate</b>                              | <b>112</b>                               | <b>(3)</b>        | <b>109</b>           |
| Sovereign   | –  | –                 | –                    |
| Financial institution                               | –  | –                 | –                    |
| SME retail  | 28                                       | (2)               | 26                   |
| Residential mortgage                                | 6  | (2)               | 4                    |
| Qualifying revolving retail                         | 83                                       | (20)              | 63                   |
| Other retail  | 117                                      | (20)              | 97                   |
| Other assets  | –  | –                 | –                    |
| Central counterparties                              | –  | –                 | –                    |
| <b>Total IRB and specialised lending portfolios</b> | <b>346</b>                               | <b>(47)</b>       | <b>299</b>           |
| Non-retail  | 3  | –                 | 3                    |
| Retail  | 7  | (2)               | 5                    |
| <b>Total RBNZ regulated entities</b>                | <b>10</b>                                | <b>(2)</b>        | <b>8</b>             |

| Portfolio Type                                      | 30 June 2023                             |                   |                      |
|---|--|-------------------|----------------------|
|   | Full year losses in the reporting period |                   |                      |
|   | Gross write-offs<br>\$M                  | Recoveries<br>\$M | Actual losses<br>\$M |
| Corporate (incl. Large & SME corporate)             | 262                                      | (2)               | 260                  |
| Specialised lending                                 | 7  | (1)               | 6                    |
| <b>Total corporate</b>                              | <b>269</b>                               | <b>(3)</b>        | <b>266</b>           |
| 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                              | –  | –                 | –                    |
| <b>Total IRB and specialised lending portfolios</b> | <b>635</b>                               | <b>(95)</b>       | <b>540</b>           |
| Non-retail  | 6  | (2)               | 4                    |
| Retail  | 11                                       | (4)               | 7                    |
| <b>Total RBNZ regulated entities</b>                | <b>17</b>                                | <b>(6)</b>        | <b>11</b>            |

# Credit Risk (continued)

## 8.4 Portfolios Subject to Internal Ratings-based Approaches (continued)

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

| Portfolio Type                                      | 30 June 2024          |  |
|---|-----------------------|--|
|   | Full year actual loss | Regulatory one year expected loss estimate |
|   | \$M                   | \$M  |
| Corporate (incl. SME corporate)                     | 172                   | 1,483                                      |
| Specialised lending                                 | 46                    | 124  |
| <b>Total corporate</b>                              | <b>218</b>            | <b>1,607</b>                               |
| Sovereign   | –                     | 3  |
| Financial institution                               | –                     | 18   |
| SME retail  | 54                    | 312  |
| Residential mortgage                                | 23                    | 1,112                                      |
| Qualifying revolving retail                         | 122                   | 264  |
| Other retail  | 198                   | 378  |
| <b>Total IRB and specialised lending portfolios</b> | <b>615</b>            | <b>3,694</b>                               |
| Non-retail  | 10                    | 247  |
| Other retail  | 16                    | 282  |
| <b>Total RBNZ regulated entities</b>                | <b>26</b>             | <b>529</b>                                 |

| Portfolio Type                                      | 31 December 2023      |  |
|---|-----------------------|--|
|   | Half year actual loss | Regulatory one year expected loss estimate |
|   | \$M                   | \$M  |
| Corporate (incl. SME corporate)                     | 66                    | 1,396                                      |
| Specialised lending                                 | 43                    | 118  |
| <b>Total corporate</b>                              | <b>109</b>            | <b>1,514</b>                               |
| Sovereign   | –                     | 3  |
| Financial institution                               | –                     | 23   |
| SME retail  | 26                    | 279  |
| Residential mortgage                                | 4                     | 999  |
| Qualifying revolving retail                         | 63                    | 263  |
| Other retail  | 97                    | 346  |
| <b>Total IRB and specialised lending portfolios</b> | <b>299</b>            | <b>3,427</b>                               |
| Non-retail  | 3                     | 221  |
| Other retail  | 5                     | 256  |
| <b>Total RBNZ regulated entities</b>                | <b>8</b>              | <b>477</b>                                 |

## Credit Risk (continued)

### 8.4 Portfolios Subject to Internal Ratings-based Approaches (continued)

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

| Portfolio Type                                      | 30 June 2023                 |   |
|---|------------------------------|---|
|   | Full year actual loss<br>\$M | Regulatory one year expected loss estimate<br>\$M |
| Corporate (incl. SME corporate)                     | 260                          | 1,201   |
| Specialised lending                                 | 6                            | 111   |
| <b>Total corporate</b>                              | <b>266</b>                   | <b>1,312</b>                                      |
| Sovereign   | –                            | 3   |
| Financial institution                               | –                            | 18  |
| SME retail  | 31                           | 240   |
| Residential mortgage                                | 26                           | 983   |
| Qualifying revolving retail                         | 87                           | 275   |
| Other retail  | 130                          | 347   |
| <b>Total IRB and specialised lending portfolios</b> | <b>540</b>                   | <b>3,178</b>                                      |
| Non-retail  | 4                            | 201   |
| Other retail  | 7                            | 251   |
| <b>Total RBNZ regulated entities</b>                | <b>11</b>                    | <b>452</b>  |

# Credit Risk (continued)

## 8.4 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                   | 30 June 2024         |                   |
|----------------------------------|----------------------|-------------------|
|                                  | Average estimated PD | Average actual PD |
|                                  | %                    | %                 |
| Corporate (incl. SME corporate)  | 2.16                 | 2.08              |
| Specialised lending <sup>1</sup> | n/a                  | 1.71              |
| Sovereign                        | 0.48                 | –                 |
| Bank                             | 0.35                 | –                 |
| SME retail                       | 2.13                 | 1.62              |
| Residential mortgage             | 0.71                 | 0.56              |
| Qualifying revolving retail      | 1.57                 | 1.52              |
| Other retail                     | 6.57                 | 6.12              |
| <b>RBNZ regulated entities:</b>  |                      |                   |
| Non-retail                       | 1.62                 | 0.86              |
| Retail <sup>2</sup>              | 1.82                 | 0.90              |

<sup>1</sup> Average estimated PD not relevant for specialised lending under the Supervisory Slotting approach.

<sup>2</sup> Historical observed PD data for all retail portfolios was restated in June 2024 to reflect an enhancement in calculation methodology.

#### Loss Given Default and Exposure at Default

LGDs for non-retail portfolios are based on accounts that defaulted in 2016 to 2022 financial years. LGDs for retail portfolios are based on accounts that defaulted in 2016 to 2023 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                    | 30 June 2024                   |                    |                                      |
|-----------------------------------|--------------------------------|--------------------|--------------------------------------|
|                                   | Average estimated downturn LGD | Average actual LGD | Ratio of estimated EAD to actual EAD |
|                                   | %                              | %                  |                                      |
| Corporate (incl. SME corporate)   | 42.4                           | 21.7               | 1.2                                  |
| Specialised lending <sup>1</sup>  | n/a                            | 11.6               | 1.1                                  |
| Sovereign                         | –                              | –                  | –                                    |
| Bank                              | –                              | –                  | –                                    |
| SME retail                        | 35.4                           | 17.1               | 1.1                                  |
| Residential mortgage <sup>2</sup> | 20.0                           | 2.8                | 1.0                                  |
| Qualifying revolving retail       | 86.2                           | 66.6               | 1.2                                  |
| Other retail                      | 94.4                           | 71.8               | 1.1                                  |
| <b>RBNZ regulated entities:</b>   |                                |                    |                                      |
| Non-retail                        | 35.8                           | 16.4               | 1.1                                  |
| Retail <sup>3</sup>               | 22.0                           | 7.8                | 1.0                                  |

<sup>1</sup> Average estimated LGD not relevant for specialised lending under the Supervisory Slotting approach.

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

<sup>3</sup> Historical observed LGD data for all retail portfolios was restated in June 2024 to reflect an enhancement in calculation methodology.



# Credit Risk (continued)

## 8.5 Credit Risk Mitigation

### Collateral

The Group has policies, standards and procedures in place, setting out the acceptable collateral for mitigating credit risk. These include valuation parameters, review frequency and independence of valuation. The Chief Credit Officer (or delegate) is responsible for approving acceptable collateral types.

The collateral type, value, liquidity, realisation costs, security lending margin and loss experience are key determinants of the LGD percentage that is assigned to a credit risk exposure. Collateral held for any credit facility is valued, recorded and controlled in the manner explained below.

### Real Estate Collateral

Real estate collateral values can only be used for assigning secured or partially secured LGD estimates where the following criteria are met:

- Objective market value of collateral - the collateral must be valued by an independent valuer or via an approved valuation approach at no more than the current fair value under which the property could be sold via a private contract, between a willing seller and an arm's length buyer, on the date of valuation;
- Revaluation - the Group monitors the value of collateral and updates the value, when appropriate, so that the value is current;
- Insurance - steps are taken to ensure that property taken as collateral is adequately insured against damage or destruction at origination, with documentation requiring the borrower or counterparty to maintain adequate insurance over the life of the credit exposure;
- Prior claim - other parties may have senior claims to the Group on an asset offered for collateral. For example, council rates and land tax usually benefit from specific legal protection. The impact of such claims needs to be considered when assessing collateral values; and
- Environment - the risk of environmental liability arising in respect of the collateral must be appropriately assessed, monitored and where appropriate, reflected in the valuation of collateral.

Home loans are generally secured by mortgages over borrowers' residential properties. In limited circumstances, collateral in the form of cash or commercial property may be provided in addition to residential property. With the exception of some relatively small portfolios, for loans with an LVR of higher than 80% either a Low Deposit Premium or margin is levied, or Lender's Mortgage Insurance (LMI) is taken out to protect the Group by covering the difference between the principal amount plus interest owing and the net amount received from selling the collateral upon default.

### Non-Real Estate Collateral

Non-real estate collateral may only be assigned secured or partially secured LGD estimates where there is a sound process for determining the value of the collateral. Monitoring processes appropriate for the exposure and the collateral type are required to be in place. The main non-real estate collateral types include:

- Cash (usually in the form of a charge over a term deposit) and other liquid assets (e.g. bonds, shares, investment funds);
- Fixed or floating charges over a company's assets, including stock, debtors and work in progress; and
- A charge over assets being financed (e.g. vehicles, equipment).

Where financial collateral is highly correlated with the counterparty exposure that it is used to secure (wrong-way risk), policy specifies that no risk mitigation benefit can be taken for the collateral held.

### Other Credit Risk Mitigation (including Credit Default Swaps and Guarantees)

The Group mitigates its credit exposure by entering into master netting arrangements with counterparties it undertakes a significant volume of transactions with. Counterparty credit risk is reduced by a master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis.

The Group mitigates its counterparty credit risk exposure from dealing in Markets type products through the use of Credit Support Annexes (CSAs) and clearing of eligible trades with Central Counterparties (CCPs). CSAs require the counterparty (or the Group) to post collateral when mark-to-market positions exceed agreed thresholds and minimum transfer amounts and may require either party to post initial margin amounts.

Other forms of credit risk mitigation used to either reduce or transfer credit risk include purchasing credit derivatives (e.g. credit default swaps) and/or guarantees from highly rated banks or corporates. To be an eligible mitigant, the credit derivative, insurance instrument or guarantee must be contractually binding, have legal certainty and be non-cancellable. Table 10b and 10c (page 56) discloses the Group's coverage of exposure by credit default swaps and guarantees.

### Portfolio Management

The Group applies a Board approved Large Credit Exposure Policy (LCEP). This policy governs the authority of management with regard to the amount of credit provided to any single counterparty, or group of related counterparties (as determined by applying the Group Aggregation Standard).

The objective of the LCEP is to limit the risk of catastrophic loss to the Group through over-exposure to the failure of a single counterparty, or group of related counterparties. The LCEP is reviewed annually.

Usage of LCEP limits is determined at both individual counterparty and group of related counterparty levels. Limits are tiered by the counterparty type and the PD rating.

Management reports to the ELT FRC and the Board Risk and Compliance Committee four times a year, on:

- All single counterparties or groups of related counterparties with limits greater than the LCEP limits, including those resulting from PD rating deterioration; and
- The 20 largest exposure groups of related counterparties on a Total Committed Exposure basis (i.e. committed limits plus drawn uncommitted limited limits).

All relevant borrower or counterparty-specific credit submissions prominently display relative compliance with the LCEP limits.

Credit risk concentration limits are in place to ensure portfolio diversification and prevent over-concentration to industries or countries. Geographic dispersion monitoring within Australia and New Zealand is also conducted for some larger sub-portfolios. Periodic stress tests of major credit risk concentrations are conducted to identify potential changes in market conditions (such as changes in interest rates, droughts, etc.) that could adversely impact the credit portfolio's performance. Action is taken where necessary to reduce the volatility of losses.

# Credit Risk (continued)

## 8.5 Credit Risk Mitigation (continued)

Table 10b and 10c – Credit risk mitigation

| 30 June 2024                            |                                      |                                      |  |  |
|---|--------------------------------------|--------------------------------------|--|--|
| Portfolio Type                          | Total exposure <sup>1 2</sup><br>\$M | Eligible financial collateral<br>\$M | Exposures covered by guarantees<br>\$M | Exposures covered by credit derivatives<br>\$M |
| <b>Subject to AIRB approach</b>         |                                      |                                      |  |  |
| Corporate (incl. SME corporate)         | 163,342                              | –                                    | 8                                      | –  |
| SME retail                              | 19,577                               | –                                    | –                                      | –  |
| Residential mortgage                    | 649,614                              | –                                    | –                                      | –  |
| Qualifying revolving retail             | 23,165                               | –                                    | –                                      | –  |
| Other retail                            | 8,571                                | –                                    | –                                      | –  |
| <b>Total AIRB approach</b>              | <b>864,269</b>                       | <b>–</b>                             | <b>8</b>                               | <b>–</b>                                       |
| <b>Subject to FIRB approach</b>         |                                      |                                      |  |  |
| Corporate - large                       | 49,657                               | –                                    | –                                      | –  |
| Sovereign                               | 134,232                              | –                                    | 86                                     | –  |
| Financial institution                   | 43,900                               | –                                    | 433                                    | –  |
| <b>Total FIRB approach</b>              | <b>227,789</b>                       | <b>–</b>                             | <b>519</b>                             | <b>–</b>                                       |
| <b>Specialised lending</b>              | <b>4,587</b>                         | <b>–</b>                             | <b>–</b>                               | <b>–</b>                                       |
| <b>Subject to standardised approach</b> |                                      |                                      |  |  |
| Corporate (incl. SME corporate)         | 1,082                                | –                                    | –                                      | –  |
| SME retail                              | 836                                  | –                                    | –                                      | –  |
| Sovereign                               | 1                                    | –                                    | –                                      | –  |
| Residential mortgage                    | 17,114                               | –                                    | –                                      | –  |
| Other retail                            | 237                                  | –                                    | –                                      | –  |
| Other assets                            | 11,240                               | –                                    | –                                      | –  |
| Central counterparties                  | 3,115                                | –                                    | –                                      | –  |
| <b>Total standardised approach</b>      | <b>33,625</b>                        | <b>–</b>                             | <b>–</b>                               | <b>–</b>                                       |
| RBNZ regulated entities                 | 129,526                              | –                                    | –                                      | –  |
| <b>Total credit exposures</b>           | <b>1,259,796</b>                     | <b>–</b>                             | <b>527</b>                             | <b>–</b>                                       |

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

# Credit Risk (continued)

## 8.5 Credit Risk Mitigation (continued)

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

|   | 31 December 2023                     |                                      |  |  |
|---|--------------------------------------|--------------------------------------|--|--|
| Portfolio Type                          | Total exposure <sup>1 2</sup><br>\$M | Eligible financial collateral<br>\$M | Exposures covered by guarantees<br>\$M | Exposures covered by credit derivatives<br>\$M |
| <b>Subject to AIRB approach</b>         |                                      |                                      |  |  |
| Corporate (incl SME corporate)          | 157,323                              | –                                    | 8                                      | –  |
| SME retail                              | 19,232                               | –                                    | –                                      | –  |
| Residential mortgage                    | 635,073                              | –                                    | –                                      | –  |
| Qualifying revolving retail             | 23,371                               | –                                    | –                                      | –  |
| Other retail                            | 7,932                                | –                                    | –                                      | –  |
| <b>Total AIRB approach</b>              | <b>842,931</b>                       | <b>–</b>                             | <b>8</b>                               | <b>–</b>                                       |
| <b>Subject to FIRB approach</b>         |                                      |                                      |  |  |
| Corporate - large                       | 48,819                               | –                                    | –                                      | –  |
| Sovereign                               | 173,679                              | –                                    | 93                                     | –  |
| Financial institution                   | 56,902                               | –                                    | 334                                    | –  |
| <b>Total FIRB approach</b>              | <b>279,400</b>                       | <b>–</b>                             | <b>427</b>                             | <b>–</b>                                       |
| <b>Specialised lending</b>              | <b>4,398</b>                         | <b>–</b>                             | <b>–</b>                               | <b>–</b>                                       |
| <b>Subject to standardised approach</b> |                                      |                                      |  |  |
| 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                                | –                                    | –                                      | –  |
| <b>Total standardised approach</b>      | <b>38,028</b>                        | <b>–</b>                             | <b>–</b>                               | <b>–</b>                                       |
| RBNZ regulated entities                 | 131,781                              | –                                    | –                                      | –  |
| <b>Total credit exposures</b>           | <b>1,296,538</b>                     | <b>–</b>                             | <b>435</b>                             | <b>–</b>                                       |

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.

# Credit Risk (continued)

## 8.5 Credit Risk Mitigation (continued)

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

|   | 30 June 2023                         |                                      |  |  |
|---|--------------------------------------|--------------------------------------|--|--|
| Portfolio Type                          | Total exposure <sup>1 2</sup><br>\$M | Eligible financial collateral<br>\$M | Exposures covered by guarantees<br>\$M | Exposures covered by credit derivatives<br>\$M |
| <b>Subject to AIRB approach</b>         |                                      |                                      |  |  |
| Corporate (incl. SME corporate)         | 154,966                              | –                                    | 17                                     | –  |
| SME retail                              | 18,806                               | –                                    | –                                      | –  |
| Residential mortgage                    | 635,757                              | –                                    | –                                      | –  |
| Qualifying revolving retail             | 23,531                               | –                                    | –                                      | –  |
| Other retail                            | 7,616                                | –                                    | –                                      | –  |
| <b>Total AIRB approach</b>              | <b>840,676</b>                       | <b>–</b>                             | <b>17</b>                              | <b>–</b>                                       |
| <b>Subject to FIRB approach</b>         |                                      |                                      |  |  |
| Corporate - large                       | 41,349                               | –                                    | 85                                     | –  |
| Sovereign                               | 197,707                              | –                                    | 141                                    | –  |
| Financial institution                   | 42,632                               | –                                    | 45                                     | –  |
| <b>Total FIRB approach</b>              | <b>281,688</b>                       | <b>–</b>                             | <b>271</b>                             | <b>–</b>                                       |
| <b>Specialised lending</b>              | <b>4,641</b>                         | <b>–</b>                             | <b>–</b>                               | <b>–</b>                                       |
| <b>Subject to standardised approach</b> |                                      |                                      |  |  |
| 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                                | –                                    | –                                      | –  |
| <b>Total standardised approach</b>      | <b>35,528</b>                        | <b>–</b>                             | <b>–</b>                               | <b>–</b>                                       |
| RBNZ regulated entities                 | 130,966                              | –                                    | –                                      | –  |
| <b>Total credit exposures</b>           | <b>1,293,499</b>                     | <b>–</b>                             | <b>288</b>                             | <b>–</b>                                       |

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.

# Credit Risk (continued)

## 8.6 Counterparty Credit Risk

Counterparty Credit Risk (CCR) is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows arising from over-the-counter derivative, exchange-traded derivative, securities financing and long settlement transactions. An economic loss would occur if the transactions or a portfolio of transactions with the counterparty has a positive economic value for the Group at the time of default. Unlike an exposure to credit risk through a loan, where the exposure to credit risk is unilateral and only the lending bank faces the risk of loss, CCR creates a bilateral risk of loss whereby the market value for many different types of transactions can be positive or negative to either counterparty. The market value is uncertain and can vary over time with the movement of underlying market factors.

Capital is allocated to CCR exposures after taking into account the risk-rating and expected exposure to the counterparty, and correlations and diversification impacts across risk types.

CCR is controlled through a variety of credit policies, standards and procedures covering the following topics:

- Large credit exposures;
- Country risk exposures;
- Netting;
- Collateralisation of CCR transactions;
- Central counterparties;
- Wrong way risk;
- Historical rate rollovers; and
- Specific products.

Wrong-way risk is a risk associated with CCR. There are two types of wrong-way risk, general and specific. General wrong-way risk arises when the PD of counterparties is

positively correlated with general market risk factors. Specific wrong-way risk arises when the exposure to a particular counterparty and the PD of the counterparty are highly correlated.

Specific wrong-way risk is managed by not entering into transactions where it exists and by not recognising any risk reduction from credit risk mitigation provided by highly correlated counterparties. General wrong-way risk is monitored through modelling at the portfolio level.

CSAs are used with some large corporates and most bank and non-bank financial institution counterparties to collateralise CCR for derivatives products. The use of CSAs is governed by the credit policies and standards covering netting and collateralisation of CCR transactions. CSAs lower the risk that arises from market movements by requiring the counterparty (or the Group) to post collateral to cover mark-to-market values that might be owed upon a counterparty default.

Risk Managers provide sign-off on terms of the CSA prior to the documentation being executed.

Collateral stress testing is used to determine the effect that a rating downgrade would have on the Group's collateral obligation to its counterparties.

As at 30 June 2024, the maximum additional collateral that could be posted to other counterparties based on the Group's current rating is \$133 million. As at 30 June 2024, a unilateral one-notch and two-notch downgrade in the Group's rating would have resulted in a further \$5 million and \$61 million of collateral being posted to other counterparties respectively. Collateral stress tests are also conducted on the Group's counterparties so that it can monitor for likely collateral stresses in the event of a counterparty downgrade.

**Table 11b (i) Counterparty credit risk derivative exposure under the SA-CCR method <sup>1</sup>**

|  | 30 Jun 24<br>\$M | 31 Dec 23<br>\$M | 30 Jun 23<br>\$M |
|--|------------------|------------------|------------------|
| Gross positive fair value                        | 18,542           | 31,419           | 24,040           |
| Netting and collateral benefits                  | (13,969)         | (25,012)         | (17,597)         |
| Including collateral held of which:              |                  |                  |                  |
| Cash   | (4,435)          | (4,203)          | (6,309)          |
| Replacement cost                                 | 4,573            | 6,407            | 6,443            |
| Potential future exposure                        | 11,017           | 9,650            | 9,910            |
| Impact of scaling factor of 1.4 and incurred CVA | 6,178            | 6,354            | 6,479            |
| <b>Exposure at Default</b>                       | <b>21,768</b>    | <b>22,411</b>    | <b>22,832</b>    |

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

# Credit Risk (continued)

## 8.6 Counterparty Credit Risk (continued)

Table 11b (ii) Counterparty credit risk derivative exposure <sup>1</sup>

| Exposure type              | Current Credit Exposure |                  |                  |
|----------------------------|-------------------------|------------------|------------------|
|                            | 30 Jun 24<br>\$M        | 31 Dec 23<br>\$M | 30 Jun 23<br>\$M |
| Interest rate contracts    | 1,600                   | 1,935            | 2,517            |
| Foreign currency contracts | 15,823                  | 28,023           | 20,249           |
| Equity contracts           | –                       | –                | –                |
| Credit derivatives         | 2                       | 3                | 3                |
| Commodities and other      | 1,117                   | 1,458            | 1,271            |
| <b>Total</b>               | <b>18,542</b>           | <b>31,419</b>    | <b>24,040</b>    |

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

Table 11c Counterparty credit risk derivative transactions

| Notional value by product type as at<br>30 June 2024 <sup>1</sup> | Own Credit Portfolio       |                             | Intermediation Activity    |                             |
|---|----------------------------|-----------------------------|----------------------------|-----------------------------|
|   | Protection<br>buyer<br>\$M | Protection<br>seller<br>\$M | Protection<br>buyer<br>\$M | Protection<br>seller<br>\$M |
| Credit default swaps  | 1,348                      | 23                          | 883                        | 608                         |
| Total return swaps  | –                          | –                           | –                          | –                           |
| Credit options  | –                          | –                           | –                          | –                           |
| Other   | –                          | –                           | –                          | –                           |
| <b>Total</b>  | <b>1,348</b>               | <b>23</b>                   | <b>883</b>                 | <b>608</b>                  |

<sup>1</sup> CCP exposures have been netted against each other where offsetting per CDS index.

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

<sup>1</sup> CCP exposures have been netted against each other where offsetting per CDS index.

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

<sup>1</sup> CCP exposures have been netted against each other where offsetting per CDS index.

# Credit Risk (continued)

## 8.7 Securitisation

Securitisation is a financing structure where the cash flow from a pool of assets is used to service obligations to at least two different tranches or classes of creditors (typically holders of debt securities), with each class or tranche reflecting a different degree of credit risk (i.e. one class of creditor is entitled to receive payments from the pool before another class of creditors).

Securitisations may be categorised as either:

- Traditional securitisation - a securitisation where the pool is transferred (or assigned) to, and held by, or otherwise held directly in its name by, a Special Purpose Vehicle (SPV); or
- Synthetic securitisation - a securitisation whereby the credit risk, or part of the credit risk, of a pool is transferred to a third party which need not be an SPV. The transfer of credit risk can be undertaken through the use of funded (e.g. credit linked notes) or unfunded (e.g. credit default swaps) credit derivatives or guarantees.

### Securitisation Activities

The Group is involved in the following types of business activities that give rise to securitisation exposures:

- Group originated securitisations – where the Group equitably assigns home loans it has originated to an SPV, which in turn raises wholesale funding by the issuance of notes to external investors. The Medallion Programme is the Group's securitisation programme of CBA and ASB originated residential mortgage loans. CBA has also established an internal securitisation where CBA retains all the notes issued to use as collateral to raise contingent liquidity from the RBA;
- Third party securitisations – where assets are originated by parties other than the Group. Such transactions usually have added layers of credit protection, whether it is lender's mortgage insurance, over-collateralisation, cash reserves and/or other subordinated credit support. The nature of the underlying assets is similar to those that the Group would normally support in a non-securitised form including residential and commercial mortgages, personal loans, revolving credit exposures, and vehicle loans and equipment financing. The Group acts as a funder/note holder;
- The purchase of asset/mortgage backed securities for trading or portfolio investment; and
- The provision of interest rate swaps, cross-currency swaps and/or liquidity support facilities to an external SPV where the Group may be the arranger, lead manager and/or originator of the respective securities or underlying assets.

For contingent liquidity, the Group manages a Residential Mortgage Backed Security (RMBS) portfolio which is not intended to be issued publicly. These notes will be held by the Group and the senior notes, if required, can be used for repurchase agreements with the RBA and RBNZ to generate additional liquidity for the Group, for which these RMBS are eligible collateral.

### Strategic Issues

For the Group, securitisation has provided and will continue to provide a source of liquidity through RBA repurchase transactions and an opportunistic rather than core external funding source. The Group, when undertaking an intermediary role for third party securitisations, receives fee based income and collateral business in other banking products.

### Regulatory Compliance

APRA's requirements in managing the capital and risks associated with securitisation activities and exposures are set out in APS 120 and Prudential Practice Guide APG 120 *Securitisation*. To be compliant with the standard the Group has policies and procedures that include:

- Appropriate risk management systems to identify, measure, monitor and manage the risks arising from the Group's involvement in securitisation;
- Monitoring the effects of securitisation on its risk profile, including credit quality, and how it has aligned with its risk management practices; and
- Measures to ensure that it is not providing implicit support for a securitisation.

The Group's securitisation activities also need to comply with other prudential standards applicable to any traded or Balance Sheet exposure.

The Group uses a hierarchy detailed in APS 120 to determine the credit rating grade for regulatory capital purposes. The two approaches the Group uses are the External Ratings-based Approach (ERBA Approach) or the Supervisory Formula Approach (SFA Approach).

### Risk Assessment

Securitisation activities expose the Group to risks including liquidity risk, market risk, operational risk and credit risk, which are managed in accordance with the Group's respective risk management frameworks. Where the Group arranges either a Group originated or third party securitisation transaction, the capital markets issuance will be rated by at least one ECAI based on their respective rating models. The Group uses recognised ECAI including S&P Global Ratings, Moody's Investors Service and/or Fitch Ratings for both Group originated and third party securitisation transactions.

The Group undertakes credit assessments on all securitisation transactions. In addition to compliance with the securitisation and other prudential standards, credit risk assessment of securitisation exposures is performed in accordance with the Group's policies and procedures.

The risk assessment takes into account a wide range of credit, reputation, origination, concentration and servicing factors related to the underlying portfolio of assets being securitised in addition to the capital structure of the proposed securitisation SPV.

Where a securitisation exposure is held through a warehouse structure prior to terming out via the debt capital markets, the credit ratings of the warehouse facility are also assessed by the Group using the rating methodologies of the ECAI and/or other models accepted by APRA.

### Credit Approval

Credit approval authorities relating to securitisation are restricted to officers with appropriately badged delegations. Risk Management's Institutional Banking and Markets team is responsible for approval and limit management and monitoring for all securitisations. Proposed exposures that exceed individual approval authorities are referred to various credit committees of the Group for decisioning.

Each Group originated or third party transaction is led by a deal team leader who is responsible for the deal origination and its compliance with Group policies and prudential standards.

# Credit Risk (continued)

## 8.7 Securitisation (continued)

### Securitisation Risk Management Framework

#### Exposure Reporting and Monitoring

All securitisation exposures and limits are recorded on appropriate risk systems and monitored for limit and capital compliance.

Where exposures are fair valued for accounting purposes, the transactions are monitored under the Group's Market Risk Management Framework (refer section 10, page 75). This includes a limit framework and monitoring around the size and turnover of such exposures, and a robust independent price validation process conducted on the prices used to value those exposures. All securitisation limits and exposures are reviewed in accordance with the Group's approved Risk Management Framework which in turn is subject to periodic internal (internal audits and reviews) and external reviews (conducted by external audit and APRA).

The Bank receives underlying pool data for all its securitisation exposures and undertakes ongoing analysis and modelling as required under its policies and procedures and to meet APS 120 due diligence requirements. Where exposures are externally rated, the ratings are also monitored. The Group has no exposure to resecuritisation transactions.

#### Exposure Aggregation

Securitisation SPVs are bankruptcy remote entities. Generally, there is no legally enforceable obligation on the asset originator or issuer to provide ongoing credit support to such transactions and they are mostly not aggregated for either Group Large Credit Exposure Policy or APRA prudential standard compliance. Aggregation is assessed on a case by case basis having regard to the proposed structure. The Group will aggregate, where appropriate, the broader banking exposures to the proposed originator and/or issuing entities in making its determinations.

### Group Originated Securitisations

#### General Principles

Where the Group intends to securitise assets it has originated, it ensures the terms and conditions applicable to the proposed securitisation and any support facilities or dealings are arm's length and market based and compliant with APRA's prudential regulations. These transactions are managed by Group Treasury.

Where the Group has sold assets to an SPV but retains a servicer role in managing those assets on behalf of the SPV the Group ensures those securitised assets are effectively ring-fenced from the Group's own assets. Where the Group or its subsidiary provides support services such as servicing to the SPV, these need to be subject to arm's length, market based terms and be of an equivalent standard available in the market.

### Purchase of Securities issued under Group Originated Securitisation

Any purchases of either securities issued by an SPV or assets of an SPV must be arm's length in nature and approved under the Group's credit approval process. No pre-existing obligation to purchase public securities or the underlying assets of the SPV exists. The Group's SPVs under the Medallion programme are consolidated for accounting purposes.

The Group holds less than 20% (except permitted underwritings as per APS 120) of the public securities outstanding issued by an SPV for Group originated securitisations.

The aggregated value of all securities held by the Group under its various public Medallion programme does not exceed 10% of the Group's Level 2 capital (except permitted security underwritings as per APS 120).

### Summary of Accounting Policies

Securitisations may, depending on the individual arrangement, result in:

- continued recognition of the securitised assets on the Balance Sheet of the Group;
- continued recognition of the assets to the extent of the Group's continuing involvement in those assets (as defined within AASB 9); or
- derecognition of the assets and the separate recognition, as assets or liabilities, of any rights and obligations created or retained in the transfer of assets to the securitisation vehicle.

A securitisation transaction is first assessed for any potential requirement to consolidate the vehicles used.

The assessment is made considering the requirements of AASB 10 *Consolidated Financial Statements* (AASB 10). AASB 10 prescribed control as the single basis for consolidation for all entities, regardless of the nature of the investee. The Group exercises judgement at inception and periodically, to assess whether a SPV should be consolidated based on the Bank's control over the relevant activities of the entity and the significance of its exposure to variable returns of the structured entity.

The valuation process of any retained interests in securitisation exposures primarily focuses on quotations from third parties and calibrated valuations from market standard models with key inputs such as spreads to discount rates, default and recovery rates that may be observable or unobservable.

Assets are valued according to the normal methods appropriate to the asset class. As at 30 June 2024 and 31 December 2023, the Group had no assets awaiting securitisation.

The Group has disclosed all contractual commitments, such as liquidity lines, and applied the accounting policies as set out in the 2024 Annual Report. The Group provides support for securitisation transactions to the extent of those contractual obligations.



# Credit Risk (continued)

## 8.7 Securitisation (continued)

### 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                      | 30 June 2024                             |  |   |                               |
|---------------------------------------|--|--|---|-------------------------------|
|                                       | 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                  | 2,549                                    | 4,847  | 124,744                                 | –                             |
| Credit cards and other personal loans | –  | –  | –                                       | –                             |
| Auto and equipment finance            | –  | –  | –                                       | –                             |
| Commercial loans                      | –  | –  | –                                       | –                             |
| Other                                 | –  | –  | –                                       | –                             |
| <b>Total</b>                          | <b>2,549</b>                             | <b>4,847</b>                                 | <b>124,744</b>                          | <b>–</b>                      |

| 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                                 | –  | –  | –                                       | –                             |
| <b>Total</b>                          | <b>2,814</b>                             | <b>5,624</b>                                 | <b>125,125</b>                          | <b>–</b>                      |

| 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                                 | –  | –  | –                                       | –                             |
| <b>Total</b>                          | <b>3,193</b>                             | <b>4,496</b>                                 | <b>148,458</b>                          | <b>–</b>                      |

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)

## 8.7 Securitisation (continued)

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

| Underlying Asset                      | 30 June 2024                        |                                |                          |
|---------------------------------------|-------------------------------------|--------------------------------|--------------------------|
|                                       | Group originated assets securitised |                                |                          |
|                                       | Outstanding exposure<br>\$M         | Non-performing exposure<br>\$M | Losses recognised<br>\$M |
| Residential mortgage                  | 132,140                             | 786                            | –                        |
| Credit cards and other personal loans | –                                   | –                              | –                        |
| Auto and equipment finance            | –                                   | –                              | –                        |
| Commercial loans                      | –                                   | –                              | –                        |
| Other                                 | –                                   | –                              | –                        |
| <b>Total</b>                          | <b>132,140</b>                      | <b>786</b>                     | <b>–</b>                 |

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

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

Table 12i – Banking book exposures intended to be securitised

As at 30 June 2024, the Group does not have any outstanding banking book exposures that are intended to be securitised.

# Credit Risk (continued)

## 8.7 Securitisation (continued)

**Table 12j – Banking book activity for the reporting period**

The Group's new securitisation activity in the banking book during the full year ended 30 June 2024, was \$4,222 million.

| Underlying Asset                      | Full year ended 30 June 2024       |  |
|---------------------------------------|------------------------------------|--|
|                                       | Total exposures securitised<br>\$M | Recognised gain or loss on sale<br>\$M |
| Residential mortgage                  | 4,112                              | –                                      |
| Credit cards and other personal loans | 49                                 | –                                      |
| Auto and equipment finance            | 61                                 | –                                      |
| Commercial loans                      | –                                  | –                                      |
| Other                                 | –                                  | –                                      |
| <b>Total</b>                          | <b>4,222</b>                       | <b>–</b>                               |

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

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

# Credit Risk (continued)

## 8.7 Securitisation (continued)

Table 12k – Banking book securitisation exposures retained or purchased

| Securitisation Facility Type                              | 30 June 2024            |                          | Total exposures<br>\$M |
|---|-------------------------|--------------------------|------------------------|
|   | On Balance Sheet<br>\$M | Off Balance Sheet<br>\$M |                        |
| Liquidity support facilities                              | –                       | 156                      | 156                    |
| Warehouse facilities                                      | 10,797                  | 5,250                    | 16,047                 |
| Derivative facilities                                     | –                       | 57                       | 57                     |
| Holdings of securities                                    | 3,334                   | –                        | 3,334                  |
| Other   | –                       | 11                       | 11                     |
| <b>Total securitisation exposures in the banking book</b> | <b>14,131</b>           | <b>5,474</b>             | <b>19,605</b>          |

| Securitisation Facility Type                              | 31 December 2023        |                          | Total exposures<br>\$M |
|---|-------------------------|--------------------------|------------------------|
|   | On Balance Sheet<br>\$M | Off Balance Sheet<br>\$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                     |
| <b>Total securitisation exposures in the banking book</b> | <b>14,444</b>           | <b>5,221</b>             | <b>19,665</b>          |

| Securitisation Facility Type                              | 30 June 2023            |                          | Total exposures<br>\$M |
|---|-------------------------|--------------------------|------------------------|
|   | On Balance Sheet<br>\$M | Off Balance Sheet<br>\$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                     |
| <b>Total securitisation exposures in the banking book</b> | <b>14,155</b>           | <b>5,859</b>             | <b>20,014</b>          |

# Credit Risk (continued)

## 8.7 Securitisation (continued)

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

Total securitisation exposures in the banking book decreased by \$409 million or 2% during the full year ended 30 June 2024.

The corresponding RWA decreased by \$100 million or 3%.

| 30 June 2024     |                |                  |                 |                      |                  |              |
|------------------|----------------|------------------|-----------------|----------------------|------------------|--------------|
| Risk Weight Band | Exposures      |                  | Total exposures | Risk Weighted Assets |                  | Total RWA    |
|                  | Securitisation | Resecuritisation |                 | Securitisation       | Resecuritisation |              |
|                  | \$M            | \$M              | \$M             | \$M                  | \$M              | \$M          |
| ≤ 25%            | 19,585         | –                | 19,585          | 3,199                | –                | 3,199        |
| > 25% ≤ 35%      | –              | –                | –               | –                    | –                | –            |
| > 35% ≤ 50%      | –              | –                | –               | –                    | –                | –            |
| > 50% ≤ 75%      | 20             | –                | 20              | 11                   | –                | 11           |
| > 75% ≤ 100%     | –              | –                | –               | –                    | –                | –            |
| > 100% ≤ 650%    | –              | –                | –               | –                    | –                | –            |
| > 650% ≤ 1250%   | –              | –                | –               | –                    | –                | –            |
| <b>Total</b>     | <b>19,605</b>  | <b>–</b>         | <b>19,605</b>   | <b>3,210</b>         | <b>–</b>         | <b>3,210</b> |

| 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%   | –              | –                | –               | –                    | –                | –            |
| <b>Total</b>     | <b>19,665</b>  | <b>–</b>         | <b>19,665</b>   | <b>3,235</b>         | <b>–</b>         | <b>3,235</b> |

| 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%   | –              | –                | –               | –                    | –                | –            |
| <b>Total</b>     | <b>20,014</b>  | <b>–</b>         | <b>20,014</b>   | <b>3,310</b>         | <b>–</b>         | <b>3,310</b> |

# Credit Risk (continued)

## 8.7 Securitisation (continued)

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

Total securitisation exposures deducted from Tier 1 capital had a \$2 million movement during the half year ended 30 June 2024 and there was \$8 million movement during the half year ended 31 December 2023.

| Underlying Asset                      | Common Equity Tier 1 Capital |           |           |
|---------------------------------------|------------------------------|-----------|-----------|
|                                       | 30 Jun 24                    | 31 Dec 23 | 30 Jun 23 |
|                                       | \$M                          | \$M       | \$M       |
| Residential mortgage                  | 10                           | 8         | –         |
| Credit cards and other personal loans | –                            | –         | –         |
| Auto and equipment finance            | –                            | –         | –         |
| Commercial loans                      | –                            | –         | –         |
| Other                                 | –                            | –         | –         |
| <b>Total</b>                          | <b>10</b>                    | <b>8</b>  | <b>–</b>  |

### 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 30 June 2024, 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 full year ended 30 June 2024, relating to nil residential mortgages (31 December 2023: nil, 30 June 2023: nil), \$5 million auto and equipment finance (31 December 2023: nil, 30 June 2023: \$3 million), and \$5 million credit cards and other personal loans (31 December 2023: \$3 million, 30 June 2023: 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 \$28 million as at 30 June 2024 (31 December 2023: \$78 million, 30 June 2023: \$39 million), all of which are traditional securitisations. This consists of:

- Securities held in the trading book subject to the Standard Method of Nil (31 December 2023: Nil, 30 June 2023: Nil); and
- Derivatives held in the trading book subject to the Internal Models Approach (IMA) of \$28 million (31 December 2023: \$78 million, 30 June 2023: \$39 million).

# Credit Risk (continued)

## 8.7 Securitisation (continued)

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

| Securitisation Facility Type                              | As at 30 June 2024      |                          | Total exposures<br>\$M |
|---|-------------------------|--------------------------|------------------------|
|   | On Balance Sheet<br>\$M | Off Balance Sheet<br>\$M |                        |
| Liquidity support facilities                              | –                       | –                        | –                      |
| Warehouse facilities                                      | –                       | –                        | –                      |
| Derivative facilities                                     | –                       | 28                       | 28                     |
| Holdings of securities                                    | –                       | –                        | –                      |
| Other   | –                       | –                        | –                      |
| <b>Total securitisation exposures in the trading book</b> | <b>–</b>                | <b>28</b>                | <b>28</b>              |

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

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

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

The Group has \$28 million of derivative exposures held in the trading book subject to IMA (default risk) under APS 116 as at 30 June 2024 (31 December 2023: \$78 million, 30 June 2023: \$39 million).

## Credit Risk (continued)

### 8.7 Securitisation (continued)

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

| Risk Weight Band | 30 June 2024  |              |                 |
|------------------|---------------|--------------|-----------------|
|                  | ERBA Approach | SFA Approach | Total exposures |
|                  | \$M           | \$M          | \$M             |
| ≤ 25%            | 14            | 14           | 28              |
| > 25% ≤ 35%      | –             | –            | –               |
| > 35% ≤ 50%      | –             | –            | –               |
| > 50% ≤ 75%      | –             | –            | –               |
| > 75% ≤ 100%     | –             | –            | –               |
| > 100% ≤ 650%    | –             | –            | –               |
| > 650% ≤ 1250%   | –             | –            | –               |
| <b>Total</b>     | <b>14</b>     | <b>14</b>    | <b>28</b>       |

| 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%   | –                | –            | –               |
| <b>Total</b>     | <b>30</b>        | <b>48</b>    | <b>78</b>       |

| 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%   | –             | –            | –               |
| <b>Total</b>     | <b>15</b>     | <b>24</b>    | <b>39</b>       |

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

The Group has \$1,989 million of RWA held in the trading book subject to IMA (default risk) under APS 116 as at 30 June 2024 (31 December 2023: \$1,945 million, 30 June 2023: \$1,765 million).



# Credit Risk (continued)

## 8.7 Securitisation (continued)

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

|                | 30 June 2024   |                  |                |                  |                            |                  |
|----------------|----------------|------------------|----------------|------------------|----------------------------|------------------|
|                | ERBA Approach  |                  | SFA Approach   |                  | Total Capital Requirements |                  |
|                | Securitisation | Resecuritisation | Securitisation | Resecuritisation | Securitisation             | Resecuritisation |
|                | \$M            | \$M              | \$M            | \$M              | \$M                        | \$M              |
| ≤ 25%          | 2              | –                | 2              | –                | 4                          | –                |
| > 25% ≤ 35%    | –              | –                | –              | –                | –                          | –                |
| > 35% ≤ 50%    | –              | –                | –              | –                | –                          | –                |
| > 50% ≤ 75%    | –              | –                | –              | –                | –                          | –                |
| > 75% ≤ 100%   | –              | –                | –              | –                | –                          | –                |
| > 100% ≤ 650%  | –              | –                | –              | –                | –                          | –                |
| > 650% ≤ 1250% | –              | –                | –              | –                | –                          | –                |
| <b>Total</b>   | <b>2</b>       | <b>–</b>         | <b>2</b>       | <b>–</b>         | <b>4</b>                   | <b>–</b>         |

|                | 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% | –                | –                | –              | –                | –                          | –                |
| <b>Total</b>   | <b>5</b>         | <b>–</b>         | <b>8</b>       | <b>–</b>         | <b>13</b>                  | <b>–</b>         |

## Credit Risk (continued)

### 8.7 Securitisation (continued)

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

|                | 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% | –              | –                | –              | –                | –                          | –                |
| <b>Total</b>   | <b>2</b>       | <b>–</b>         | <b>4</b>       | <b>–</b>         | <b>6</b>                   | <b>–</b>         |

# Credit Risk (continued)

## 8.7 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 full year to 30 June 2024 was \$4,232 million (30 June 2023: \$3,281 million). The total exposures securitised in the half year to 31 December 2023 was \$2,495 million.

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

| Securitisation Facility Type          | 30 June 2024            |                          |                        |
|---------------------------------------|-------------------------|--------------------------|------------------------|
|                                       | On Balance Sheet<br>\$M | Off Balance Sheet<br>\$M | Total exposures<br>\$M |
| Liquidity support facilities          | –                       | 156                      | 156                    |
| Warehouse facilities                  | 10,797                  | 5,250                    | 16,047                 |
| Derivative facilities                 | –                       | 85                       | 85                     |
| Holdings of securities                | 3,334                   | –                        | 3,334                  |
| Other                                 | –                       | 11                       | 11                     |
| <b>Total securitisation exposures</b> | <b>14,131</b>           | <b>5,502</b>             | <b>19,633</b>          |

| Securitisation Facility Type          | 31 December 2023        |                          |                        |
|---------------------------------------|-------------------------|--------------------------|------------------------|
|                                       | On Balance Sheet<br>\$M | Off Balance Sheet<br>\$M | Total exposures<br>\$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                     |
| <b>Total securitisation exposures</b> | <b>14,444</b>           | <b>5,299</b>             | <b>19,743</b>          |

| Securitisation Facility Type          | 30 June 2023            |                          |                        |
|---------------------------------------|-------------------------|--------------------------|------------------------|
|                                       | On Balance Sheet<br>\$M | Off Balance Sheet<br>\$M | Total exposures<br>\$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                     |
| <b>Total securitisation exposures</b> | <b>14,155</b>           | <b>5,898</b>             | <b>20,053</b>          |

## 9

## Equity Risk

Equity risk is the potential loss arising from price volatility in equity investments.

The Group holds equity investments in the banking book for strategic reasons. The Group has established policies and a governance framework for managing equity risk. Equity investments require approval by the Board or delegates in accordance with the Group Delegations Policy. The measurement of banking book securities is determined in accordance with the Group's accounting policies. The accounting treatment of equity investment depends on whether the Group has significant influence or joint control over the investee. Where significant influence or joint control exists, the investment is classified as an associate or joint venture and accounted for using the equity method. Under the equity method, investments are initially recognised at cost and adjusted for the Group's share of the post-acquisition profits or losses, and other comprehensive income, less any dividends received. Other investments which are not joint ventures or associates, are recognised at fair value through other comprehensive income or through profit or loss.

When an active market exists, fair value is determined using quoted market prices. When a quoted price in an active market is not available, fair value is determined using acceptable market valuation techniques. Key assumptions applied include trading multiples for businesses displaying similar characteristics to the equity investments being valued.

APRA requires that all these equity investments be fully deducted from CET1.

Table 16b to 16f – Equity investment exposures<sup>1</sup>

| Equity Investments                          | 30 June 2024        |              |
|---|---------------------|--------------|
|   | Balance Sheet value | Fair value   |
|   | \$M                 | \$M          |
| Value of listed (publicly traded) equities  | 2,591               | 2,892        |
| Value of unlisted (privately held) equities | 1,568               | 2,026        |
| <b>Total</b>                                | <b>4,159</b>        | <b>4,918</b> |

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

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

| Gains or Losses on Equity Investments         | Half year ended |           |           |
|---|-----------------|-----------|-----------|
|   | 30 Jun 24       | 31 Dec 23 | 30 Jun 23 |
|   | \$M             | \$M       | \$M       |
| Cumulative realised gains in reporting period | –               | 26        | –         |
| Total unrealised gains or losses              | 149             | 5         | (200)     |

<sup>1</sup> 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.

Market risk is the potential adverse impact on the profitability and/or net worth of the Group from changes in interest rates, foreign exchange rates, equity and commodity prices, credit spreads, and the resale value of assets under residual value guarantees.

The Group makes a distinction between traded and non-traded market risk for the purposes of risk management, measurement and reporting. Traded market risk principally arises from the Group's trading book activities within the Institutional Banking and Markets business and its subsidiary financial institutions.

Non-traded market risk includes interest rate risk that arises from banking book activities, non-traded equity risk, structural foreign exchange risk and lease residual value risk.

**Market Risk Management Governance Overview**

The Group's appetite for market risk is determined by the Board and is expressed via the Group's Risk Appetite Statement and its framework of limits and policies. The limits are designed to manage the volatility in earnings and value due to market risk. The policies establish a sound operating environment for market risk, which is consistent with the governance and control standards of the Group and conform to prudential regulatory requirements.

The market risk profile of the Group is overseen by the Board Risk and Compliance Committee and senior executive management. The Market Risk Oversight area provides support to the Board Risk and Compliance Committee and ALCO in the performance of their market risk management accountabilities.

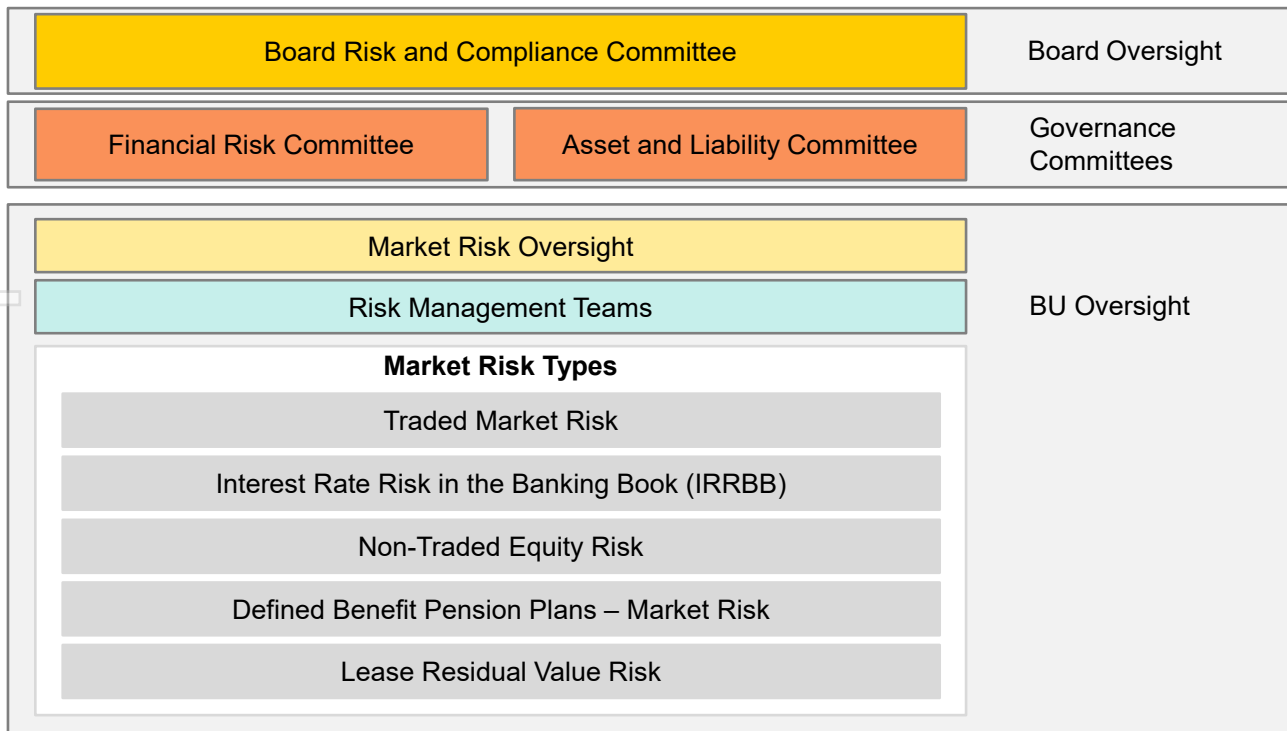
Market risk may only be generated by authorised business areas across the Group. The key functional areas that must be established to support market risk activity comprise:

- An approved Trading, Treasury or Origination function;
- An independent Market Risk Oversight area; and
- A Senior Management Oversight Committee.

The chart below summarises governance arrangements for market risk.

The Market Risk Oversight area supports the implementation of the Board approved policies through the establishment of Market Risk Standards and other documents that define the operational requirements for managing market risk, including details of sub-limits, stress testing, key controls, delegations, reporting and escalation requirements. The Market Risk Oversight area is responsible for the daily monitoring and analysis of risk positions. Senior management has oversight of market risk performance against risk and return expectations on a monthly basis. The Board Risk and Compliance Committee meets approximately six times each year and considers the operation of the Market Risk Management Framework together with any issues that may arise.

**Market Risk Governance**



# Market Risk (continued)

## Market Risk Measurement

The Group uses Value-at-Risk (VaR) as one of the measures of traded and non-traded market risk. VaR measures potential loss using historically observed market movements and correlation between different markets.

VaR is modelled at a 99.0% confidence level. This means that there is a 99.0% probability that the loss will not exceed the VaR estimate on any given day.

The VaR measured for traded market risk uses two years of daily movement in market rates. The VaR measure for non-traded banking book market risk uses six years of daily movement in market rates.

A 10-day holding period is used for trading book positions. A 20-day holding period is used for interest rate risk in the banking book.

VaR is driven by historical observations and is not an estimate of the maximum loss that the Group could experience from an extreme market event. As a result of this limitation, management also uses stress testing to measure the potential for economic loss at confidence levels significantly higher than 99.0%. Management then uses these results in decisions to manage the economic impact of market risk positions.

Stressed VaR (SVaR) is calculated for traded market risk using the same methodology as the regular traded market risk VaR except that the historical data is taken from a 1 year observation period of significant market volatility as seen during the Global Financial Crisis (GFC). The stress events considered for market risk are extreme but plausible market movements, and have been back-tested against moves seen during 2008 and 2009 at the height of the Global Financial Crisis. The results are reported to the Board Risk and Compliance Committee and the Group's ALCO on a regular basis. Stress tests also include a range of forward looking macroeconomic scenario stresses.

## 10.1 Traded Market Risk

The Group trades and distributes financial market products and provides risk management solutions to customers on a global basis.

The objectives of the Group's financial markets activities are to:

- Provide risk management and capital market products and services to customers;
- Efficiently assist in managing the Group's own market risks; and
- Conduct profitable market making within a controlled framework to assist in the provision of products and services to customers.

The Group maintains access to markets by quoting bid and offer prices with other market makers and carries an inventory of treasury, capital market and risk management instruments, including a broad range of securities and derivatives.

The Group participates in all major markets across interest rate, foreign exchange, debt, equity and commodity products as required to provide treasury, capital markets and risk management services to customers of the Group.

Income is earned through market making and from warehousing market risk. Trading positions are valued at fair value and taken to profit and loss on a mark-to-market basis. Market liquidity risk is controlled by concentrating trading activity in highly liquid markets.

The Group measures and manages traded market risk through a combination of VaR and stress test limits, together with other key controls including permitted instruments, sensitivity limits and term restrictions. Thus traded market risk is managed under a clearly defined risk appetite within the Group Market Risk Policy and limit structure approved by the Board Risk and Compliance Committee. Risk is monitored by the independent Market Risk Oversight function.

## Capital Calculation Methods

The Group is accredited by APRA as an Internal Model user for regulatory capital calculation for Group trading book activity.

Consequently, general market risk regulatory capital is calculated for interest rates (including credit spread), foreign exchange, equity and commodity risk using this model.

There are also a small number of products in the trading book for which regulatory capital is determined using the standard method. In accordance with the standard method, the Group applies the maturity method against these products for capital calculations, and a specific risk charge is calculated for debt specific and equity position risk. Inflation linked products and a small number of path dependent rates related products are managed in this manner.

The breakdown of RWA for traded market risk by modelling method is summarised in the table below.

|  | 30 Jun 24    | 31 Dec 23    | 30 Jun 23     |
|--|--------------|--------------|---------------|
| <b>Traded Market Risk RWA by Modelling Approach <sup>1</sup></b> | <b>\$M</b>   | <b>\$M</b>   | <b>\$M</b>    |
| Internal Model Approach  | 7,354        | 8,547        | 14,305        |
| Standard Method  | 1,134        | 1,080        | 1,085         |
| <b>Total Traded Market Risk RWA</b>                              | <b>8,488</b> | <b>9,627</b> | <b>15,390</b> |

<sup>1</sup> Refer to page 12 for commentary.

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

# Market Risk (continued)

## 10.1 Traded Market Risk (continued)

Table 13b – Traded Market Risk under the Standard Method

| Exposure Type                                      | 30 Jun 24<br>\$M | 31 Dec 23<br>\$M | 30 Jun 23<br>\$M |
|--|------------------|------------------|------------------|
| Interest Rate Risk                                 | 90.7             | 86.4             | 86.6             |
| Equity Risk  | –                | –                | –                |
| Foreign exchange risk                              | –                | –                | 0.2              |
| Commodity risk                                     | –                | –                | –                |
| <b>Total</b>                                       | <b>90.7</b>      | <b>86.4</b>      | <b>86.8</b>      |
| <b>Risk Weighted Asset equivalent <sup>1</sup></b> | <b>1,134</b>     | <b>1,080</b>     | <b>1,085</b>     |

<sup>1</sup> 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

| Average VaR <sup>1</sup>              | Aggregate VaR Over the Reporting Period |                      |                      | As at               |
|---------------------------------------|---|----------------------|----------------------|---------------------|
|                                       | Mean value<br>\$M                       | Maximum value<br>\$M | Minimum value<br>\$M | balance date<br>\$M |
| Over the 6 months to 30 June 2024     | 62                                      | 86                   | 37                   | 37                  |
| Over the 6 months to 31 December 2023 | 51                                      | 68                   | 36                   | 62                  |
| Over the 6 months to 30 June 2023     | 109                                     | 177                  | 73                   | 109                 |

<sup>1</sup> 10 day, 99% confidence interval over the reporting period.

| Stressed VaR <sup>1</sup>             | Aggregate SVaR Over the Reporting Period |                      |                      | As at               |
|---------------------------------------|--|----------------------|----------------------|---------------------|
|                                       | Mean value<br>\$M                        | Maximum value<br>\$M | Minimum value<br>\$M | balance date<br>\$M |
| Over the 6 months to 30 June 2024     | 105                                      | 167                  | 71                   | 116                 |
| Over the 6 months to 31 December 2023 | 108                                      | 150                  | 80                   | 126                 |
| Over the 6 months to 30 June 2023     | 168                                      | 257                  | 99                   | 144                 |

<sup>1</sup> 10 day, 99% confidence interval over the reporting period.

# Market Risk (continued)

## 10.1 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 30 June 2024 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 30 June 2024 is illustrated in Table 14f (iv).

**APS 330 Table 14f (ii) - Summary Table of the Number of Back-Testing Outliers <sup>1</sup>**

|                                       |   |
|---------------------------------------|---|
| Over the 6 months to 30 June 2024     | - |
| Over the 6 months to 31 December 2023 | - |
| Over the 6 months to 30 June 2023     | 6 |

<sup>1</sup> 10 day, 99% confidence interval over the reporting period.

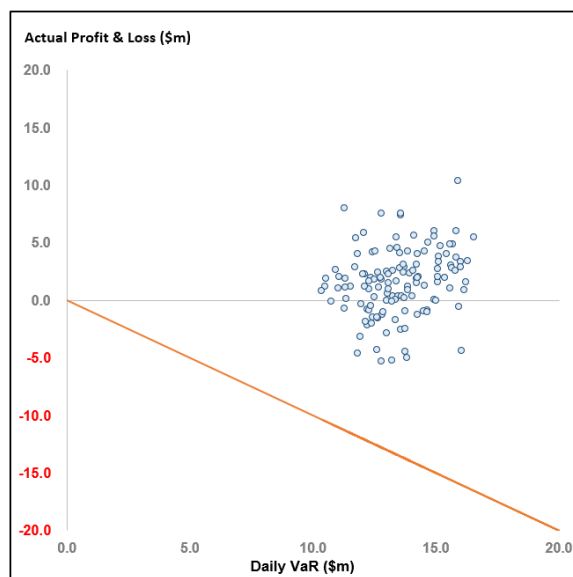
**Table 14f (iii): Details of Back-Testing Outliers**

| Date | Over the Reporting Period<br>1 January 2024 to 30 June 2024 |            |
|------|---|------------|
|      | Hypothetical<br>loss  | VaR<br>99% |
|      | \$M   | \$M        |
|      | -   | -          |

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

| Date            | Over the Reporting Period<br>1 January 2023 to 30 June 2023 |            |
|-----------------|---|------------|
|                 | Hypothetical<br>loss  | VaR<br>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         |

**Table 14f (iv): Comparison of VaR estimates outliers with actual gains/losses experiences for the 6 months ended 30 June 2024**





# Market Risk (continued)

## 10.2 Non-Traded Market Risk

Non-traded market risk activities are governed by the Group Market Risk Policy approved by the Board Risk and Compliance Committee. The policy describes the framework that governs all the activities performed in relation to non-traded market risk.

### Interest Rate Risk in the Banking Book

Interest rate risk is the current and prospective impact to the Group's financial condition due to adverse changes in interest rates to which the Group's Balance Sheet is exposed. The maturity transformation activities of the Group create mismatches in the repricing terms of asset and liability positions. These mismatches may have undesired earnings and value outcomes depending on the interest rate movements.

The Group's banking subsidiaries, ASB and CBA Europe NV, manage their own domestic IRRBB in accordance with its own risk management policies and the policies of the Group.

The Group's objective is to manage interest rate risk to achieve stable and sustainable net interest income in the long term.

The Group measures and manages the impact of interest rate risk in two ways:

#### (i) Next 12 Months' Earnings

Interest rate risk from an earnings perspective is the impact based on changes to the net interest income over the next 12 months.

The risk to net interest income over the next 12 months from changes in interest rates is measured on a monthly basis.

Earnings risk is measured through a sensitivity analysis which applies an instantaneous 100 basis point parallel shock in interest rates across the yield curve.

The prospective change to net interest income is measured by using an Asset and Liability Management simulation model which incorporates both existing and anticipated new business in its assessment. The change to the Balance Sheet product mix, growth, funding and pricing strategies is incorporated.

Assets and liabilities that reprice directly from observable market rates are measured based on the full extent of the rate shock that is applied.

Products that are priced based on Group administered or discretionary interest rates and that are impacted by customer behaviour are measured by taking into consideration the historic repricing strategy of the Group and repricing behaviours of customers. In addition to considering how the products have repriced in the past, the expected change in price based on both the current and anticipated competitive market forces are also considered in the sensitivity analyses.

#### (ii) Economic Value

Interest rate risk from an economic value perspective is based on a 20-day, 99% VaR measure.

Measuring the change in the economic value of equity is an assessment of the long term impact to the earnings potential of the Group, present valued to the current date. The Group assesses the potential change in the economic value of equity through the application of the VaR methodology.

A 20-day 99% VaR measure is used to capture the net economic value for all Balance Sheet assets and liabilities due to adverse changes in interest rates.

The impact of customer prepayments on the contractual cash flows for fixed rate products is included in the calculation. Cash flows for discretionary priced products are behaviourally adjusted and repriced at the resultant profile.

### Determining Interest Rate Risk in the Banking Book

APRA requires Australian banks accredited for the Advanced Approach under the Basel III framework to incorporate regulatory capital for IRRBB in their assessment of Total Capital. The capital requirement associated with IRRBB is measured by the Group's internal measurement model which incorporates the following risk calculations:

- Repricing and yield curve risks, which arise from repricing mismatches between assets and liabilities, are jointly determined from the distribution of changes in the economic value of the banking book as a consequence of interest rate changes (overall level of the yield curve and the shape of the yield curve). A historical simulation VaR approach is used, with IRRBB regulatory capital determined with respect to a one year holding period and a 99% level of confidence. Interest rate scenarios are constructed over a historical observation period of six years.
- Basis risk is measured as the risk of loss in earnings of the banking book arising from differences between the actual and expected interest margins on banking book items. The IRRBB regulatory capital requirement for basis risk is measured under a dynamic simulation approach, as the change in net interest income over a 12 month forecast period, in response to an adverse change to implied forward cash rates.
- Optionality risk is measured as the risk of loss in economic value owing to the existence of stand-alone or embedded options in the banking book, to the extent that such potential losses are not included in the measurement of repricing, yield curve or basis risks. Optionality risk arising from a departure from assumed prepayment behaviour is calculated from a stressed prepayment rate scenario by the VaR model. Optionality risk arising from the use of replicating portfolios for indeterminate maturity or discretionary rate items is measured by the VaR model under an applied mismatch between the underlying product balances and the unhedged term asset positions.
- The embedded loss or gain in banking book items not accounted for on a mark-to-market basis is measured and included in the regulatory capital for IRRBB. The embedded loss or gain measures the difference between the book value and economic value of banking book activities, based on transfer-priced assets and liabilities.

These interest rate risk calculations are summed (subject to the capital requirement not being less than zero in total) and multiplied by 12.5 to derive regulatory RWA for IRRBB in accordance with APS 110.

### Stress Testing of Interest Rate Risk in the Banking Book

Stress testing of IRRBB measures the impact of extreme but plausible market movements on both an earnings and an economic value basis. The results are reported to the Board Risk and Compliance Committee and the Group ALCO on a regular basis.

The Stress Testing figures in Table 17b (below) represent expected net change in the economic value of assets and liabilities, held for purposes other than trading, based on a 200 basis point parallel rate shock. In addition Table 17b includes the regulatory RWA for IRRBB.

# Market Risk (continued)

## 10.2 Non-Traded Market Risk (continued)

Table 17b – Interest Rate Risk in the Banking Book

|  | Change in Economic Value |           |           |
|--|--------------------------|-----------|-----------|
|  | 30 Jun 24                | 31 Dec 23 | 30 Jun 23 |
|  | \$M                      | \$M       | \$M       |
| <b>Stress Testing: Interest Rate Shock Applied</b> |                          |           |           |
| <b>AUD</b>   |                          |           |           |
| 200 basis point parallel increase                  | (556)                    | (860)     | (809)     |
| 200 basis point parallel decrease                  | 564                      | 890       | 848       |
| <b>NZD</b>   |                          |           |           |
| 200 basis point parallel increase                  | (361)                    | (318)     | (297)     |
| 200 basis point parallel decrease                  | 374                      | 327       | 308       |
| <b>USD</b>   |                          |           |           |
| 200 basis point parallel increase                  | (69)                     | (153)     | (33)      |
| 200 basis point parallel decrease                  | 68                       | 109       | (38)      |
| <b>Other</b>                                       |                          |           |           |
| 200 basis point parallel increase                  | (9)                      | 17        | 20        |
| 200 basis point parallel decrease                  | 10                       | (16)      | (19)      |
|  |                          |           |           |
|  | 30 Jun 24                | 31 Dec 23 | 30 Jun 23 |
|  | \$M                      | \$M       | \$M       |
| <b>Regulatory RWA <sup>1</sup></b>                 |                          |           |           |
| Interest rate risk in the banking book             | 43,644                   | 40,307    | 46,578    |

<sup>1</sup> Refer to page 12 for commentary.

### Structural Foreign Exchange Risk

Structural foreign exchange risk is the risk that movements in foreign exchange rates may have an adverse effect on the Group's Australian dollar earnings and economic value when the Group's foreign currency denominated retained earnings and capital are translated into Australian dollars. The Group's material risk exposures to this risk arises from the following currencies: New Zealand Dollar, US Dollar, Euro and British Pound Sterling.

### Lease Residual Value Risk

The Group takes lease residual value risk on assets such as industrial, mining, rail, aircraft and other equipment. A lease residual value guarantee exposes the Group to a potential fall in prices of these assets below the guarantee level at lease expiry. The lease residual value risk within the Group is

controlled through the Risk Management Framework approved by the Board Risk and Compliance Committee. Supporting this framework is an internal Market Risk Standard document, which has a risk limit framework that includes asset, geographic and maturity concentration limits, and stress testing that is performed by the Market Risk Oversight function. Regulatory capital is held under APS 112 (refer to Section 8.3).

### Defined benefit plans

As part of the Commonwealth Bank Group Super Fund's (the Fund) planned merger with Australian Retirement Trust (ART), a portion of the defined benefit and all defined contribution members transferred to ART following the tranche one transfer completed in November 2023 (refer to Note 10.2 in the 2024 Annual Report). The Group remains exposed to market risk in relation to the defined benefit plans in the Fund and ART.

### Definitions

Operational risk is the risk of loss arising from inadequate or failed internal processes, people, and systems or from external events. Operational risk for these purposes includes compliance risk which is defined as the risk of legal or regulatory sanctions, material financial loss, or loss of reputation that the Group may incur as a result of its failure to comply with its obligations.

Operational risk includes legal, regulatory, fraud, business continuity and technology risks but excludes strategic and reputational risks. However, the impact to brand and reputation arising from operational risk events is considered as part of the assessment of operational risks.

### Operational Risk Management Framework

The Operational Risk Management Framework (ORMF) covers the structures, policies, systems, processes, and people within the Group that identify, measure, evaluate, control / mitigate, monitor, and report internal and external operational risks. Compliance Risk is managed under the ORMF.

The ORMF aligns with the Group's Risk Appetite Statement (RAS) and the Group's Strategy / Business Plan and supports the Group to meet the requirements of Prudential Standard APS 115 Capital Adequacy: Standardised Measurement Approach to Operational Risk.

### Operational Risk Capital Measurement Approach

Since 1 January 2023, the Group has calculated its operational risk regulatory capital using the APRA-prescribed Standardised Measurement Approach (SMA). Under this approach, the Group calculates its operational risk regulatory capital based on its business indicator, a financial statement-based proxy for its operational risk exposure.

### Operational Risk Mitigation through Insurance

The Group insures against selected unexpected insurable operational risk losses. The Group's insurance program is structured based upon the Group's risk appetite. In designing the insurance program, the adequacy and appropriateness of cover are considered along with the Group's operational risk profile. The insurance program is reviewed by the Board.

### Compliance Management Framework

The purpose of the Group Compliance Management Framework (CMF) is to describe the Group's approach to compliance management and its commitment to compliance. It sets out the requirements that together ensure the Group manages its compliance obligations, relationships and obligations to regulators and its compliance risks. The ORMF works in alignment with the CMF to help identify, assess, manage, and report compliance risk on a consistent and reliable basis.

### System of Record

The ORMF and CMF are supported by a single platform, internally referred to as RiskInSite, which enables consistent application of both frameworks across the Group. This includes the assessment of operational and compliance risks, monitoring and review activities, escalation and remediation of control weaknesses, incident management and reporting to management and the Board.

### Roles and Responsibilities

Every staff member has a responsibility for managing operational risk. Individual role holder accountabilities are articulated within each Standard under the relevant Policy. Within the Group, accountability for operational risk has been structured into a Three Lines of Accountability model, as per section 7.

### Management Reporting

Material and relevant operational risk information is provided to management, the Executive Leadership Team Non-Financial Risk Committee, and Board Risk and Compliance Committee to enable proactive measurement, monitoring and management of operational risk.

Table 6e – Capital requirements for operational risk

|   | 30 Jun 24 | 31 Dec 23 | 30 Jun 23 |
|---|-----------|-----------|-----------|
| Regulatory RWA                          | \$M       | \$M       | \$M       |
| Total operational risk RWA <sup>1</sup> | 44,975    | 44,975    | 43,155    |

<sup>1</sup> Refer to page 12 for commentary.

## 12.1 Liquidity and Funding Risk

### Overview

The Group's liquidity and funding policies are designed to ensure it will meet its obligations as and when they fall due by ensuring it is able to raise funding on an unsecured or secured basis, has sufficient liquid assets to borrow against under repurchase agreements or sell to raise immediate funds without adversely affecting the Group's net asset value.

The Group's liquidity policies are designed to ensure it maintains sufficient holdings of cash and liquid assets to meet its obligations to customers, in both ordinary market conditions and during periods of severe stress. These policies are intended to protect the value of the Group's operations during periods of unfavourable market conditions.

The Group's funding policies are designed to achieve diversified sources of funding by product, term, maturity date, investor type, investor location, currency and concentration, on a cost effective basis. This objective applies to the Group's wholesale and retail funding activities.

### Liquidity and Funding Risk Management Framework

The CBA Board is responsible for the sound and prudent management of liquidity risk across the Group. The Group's liquidity and funding policies, structured under the Group Liquidity Risk Management Framework, are approved by the Board. The Group Asset and Liability Committee's (ALCO) responsibilities include asset and liability management, reviewing liquidity and funding policies and strategies and monitoring compliance with those policies across the Group. Group Treasury manages the Group's liquidity and funding positions in accordance with the Group's Liquidity Policy and supporting standards, and has ultimate authority to execute liquidity and funding decisions should the Group Contingency Funding Plan be activated. Risk Management provides oversight of the Group's liquidity and funding risks, compliance with Group policies and manages the Group's relationship with prudential regulators.

Subsidiaries within the Group apply their own liquidity and funding strategies to address their specific needs. The Group's New Zealand banking subsidiary, ASB, manages its own domestic liquidity and funding needs in accordance with its own liquidity policy and the policies of the Group. ASB's liquidity policy is also overseen by the RBNZ.

### Liquidity and Funding Policies and Management

The Group's liquidity and funding policies provide that:

- An excess of liquid assets over the minimum prescribed under APRA's Liquidity Coverage Ratio (LCR) requirement is maintained. Australian ADIs are required to meet a 100% LCR, calculated as the ratio of high quality liquid assets to 30 day net cash outflows projected under a prescribed stress scenario;
- A surplus of stable funding from various sources, as measured by APRA's Net Stable Funding Ratio (NSFR), is maintained. The NSFR is calculated by applying factors prescribed by APRA to assets and liabilities to determine a ratio of required stable funding to available stable funding which must be greater than 100%;
- Scenario analysis is central to the Group's liquidity management framework and the Group undertakes additional stress testing including market specific and idiosyncratic and combined scenarios over and above the regulatory defined scenarios;
- Additional funding and liquidity metrics are calculated and monitored as early warning indicators of a potential stress event;
- Short and long-term wholesale funding limits are established, monitored and reviewed regularly;
- The Group's wholesale funding market capacity is regularly assessed and used as a factor in funding strategies;
- Group Treasury maintains a portfolio of highly liquid assets to meet liquidity requirements under a range of market conditions. The liquid asset portfolio includes cash and liquid assets, including government and Australian semi-government securities, meeting APRA's high quality liquid asset (HQLA) definition and other highly liquid assets which are repo-eligible with the Reserve Bank of Australia (RBA);
- Liquid assets are held in Australian dollar and foreign currency denominated securities in accordance with expected requirements;
- In line with APRA's requirements to hold adequate levels of self-securitised assets, the Group also holds internal RMBS (minimum value of 30% of Group net cash outflows as defined under the LCR), which are mortgages that have been securitised but retained by the Bank, that are repo-eligible with the RBA under the Exceptional Liquidity Assistance (ELA) arrangement; and
- Offshore branches and subsidiaries adhere to liquidity policies and hold appropriate foreign currency liquid assets to meet required regulations. Material banking subsidiaries are required to maintain an LCR of at least 100%.

The Group's key funding tools include:

- Consumer retail funding base, which includes a wide range of retail transaction accounts, savings accounts and term deposits for individual consumers;
- Small business customer and institutional deposit base; and
- Wholesale domestic and international funding programmes, which include Australian dollar Negotiable Certificates of Deposit, US and Euro Commercial Paper programmes, Australian dollar Domestic Debt Programme, US Medium-Term Note Programmes, Euro Medium-Term Note Programme, multi-jurisdiction Covered Bond programme and Medallion securitisation programmes. Additionally the Group has accessed the RBA's Term Funding Facility (TFF)<sup>1</sup> and RBNZ term lending facilities.

Liquidity modelling and forecasting is undertaken on a daily basis to ensure the Group meets its internal and regulatory liquidity requirements at all times. A regulatory liquidity management reporting system models and reports regulatory liquidity outcomes. Additionally a comprehensive Funds Transfer Pricing framework is in place to attribute the cost of funding and liquidity to business units and to provide appropriate incentives to inform business decision making.

<sup>1</sup> The TFF has subsequently been fully repaid.

# Liquidity Risk (continued)

## Contingency Funding Plan

The Group maintains a Contingency Funding Plan (CFP) which details how the Group would respond to a liquidity stress event. The plan includes details of roles and responsibilities including the committee of responsible executives, early warning indicators and trigger events, potential contingent funding actions that could be undertaken to manage the Group's liquidity position as well as a communications strategy. The plan is regularly tested and is approved by the Board on an annual basis.

## 12.2 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 June 2024 quarter, excess liquid assets averaged \$46.5 billion and the average LCR decreased from 138% to 136%. On a spot basis, the LCR was between 127% and 142% over the quarter in advance of the repayment of final tranche of the RBA TFF.

The Group's mix of liquid assets consists of HQLA, such as cash, deposits with central banks, Australian semi-government and Commonwealth government securities. Liquid assets also include 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 driven by an increase in total cash inflows primarily due to increased liquidity management activities in advance of the repayment of the final tranche of the RBA TFF and a reduction in cash outflows relating to the interim dividend. This was partly offset by an increase in NCO from the repayment of the RBA TFF.

**Table 20 - LCR Disclosure Template**

|  | 30 Jun 24 <sup>1</sup>           |                                | 31 Mar 24 <sup>1</sup>           |                                |
|--|----------------------------------|--------------------------------|----------------------------------|--------------------------------|
|  | Total unweighted value (average) | Total weighted value (average) | Total unweighted value (average) | Total weighted value (average) |
|  | \$M                              | \$M                            | \$M                              | \$M                            |
| <b>Liquid assets, of which:</b>  |                                  |                                |                                  |                                |
| 1 High-quality liquid assets (HQLA)  |                                  | 175,961                        |                                  | 190,341                        |
| 2 Alternative liquid assets (ALA)  |                                  | –                              |                                  | –                              |
| 3 Reserve Bank of New Zealand (RBNZ) securities  |                                  | 1,270                          |                                  | 627                            |
| <b>Cash outflows</b>   |                                  |                                |                                  |                                |
| 4 Retail deposits and deposits from small business customers, of which:                    | <b>451,777</b>                   | <b>36,982</b>                  | <b>448,306</b>                   | <b>36,573</b>                  |
| 5 Stable deposits  | 266,513                          | 13,326                         | 264,542                          | 13,227                         |
| 6 Less stable deposits   | 185,264                          | 23,656                         | 183,764                          | 23,346                         |
| 7 Unsecured wholesale funding, of which:   | <b>177,778</b>                   | <b>75,653</b>                  | <b>180,111</b>                   | <b>77,738</b>                  |
| 8 Operational deposits (all counterparties) and deposits in networks for cooperative banks | 88,224                           | 21,093                         | 85,963                           | 20,562                         |
| 9 Non-operational deposits (all counterparties)  | 82,967                           | 47,973                         | 84,889                           | 47,917                         |
| 10 Unsecured debt  | 6,587                            | 6,587                          | 9,259                            | 9,259                          |
| 11 Secured wholesale funding   |                                  | <b>7,659</b>                   |                                  | <b>2,896</b>                   |
| 12 Additional requirements, of which:  | <b>178,261</b>                   | <b>26,963</b>                  | <b>177,667</b>                   | <b>27,953</b>                  |
| 13 Outflows related to derivatives exposures and other collateral requirements             | 8,134                            | 8,134                          | 8,833                            | 8,833                          |
| 14 Outflows related to loss of funding on debt products                                    | –                                | –                              | –                                | –                              |
| 15 Credit and liquidity facilities   | 170,127                          | 18,829                         | 168,834                          | 19,120                         |
| 16 Other contractual funding obligations   | –                                | –                              | –                                | –                              |
| 17 Other contingent funding obligations  | <b>96,138</b>                    | <b>11,940</b>                  | <b>97,459</b>                    | <b>13,790</b>                  |
| <b>18 Total cash outflows</b>  |                                  | <b>159,197</b>                 |                                  | <b>158,950</b>                 |
| <b>Cash inflows</b>  |                                  |                                |                                  |                                |
| 19 Secured lending   | 48,539                           | 5,322                          | 39,768                           | 3,566                          |
| 20 Inflows from fully performing exposures   | 15,101                           | 10,485                         | 13,675                           | 9,102                          |
| 21 Other cash inflows  | 12,637                           | 12,637                         | 8,242                            | 8,242                          |
| <b>22 Total cash inflows</b>   | <b>76,277</b>                    | <b>28,444</b>                  | <b>61,685</b>                    | <b>20,910</b>                  |
| <b>23 Total liquid assets</b>  |                                  | 177,231                        |                                  | 190,968                        |
| <b>24 Total net cash outflows</b>  |                                  | 130,753                        |                                  | 138,040                        |
| <b>25 Liquidity Coverage Ratio (%)</b>   |                                  | 136                            |                                  | 138                            |
| <b>Number of data points used (Business Days)</b>  |                                  | 62                             |                                  | 62                             |

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

## Liquidity Risk (continued)

### 12.3 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 120% at 31 March 2024 to 116% at 30 June 2024. Over the period, the Group's ASF decreased driven by the maturity profile and a contraction in wholesale funding partly offset by deposit growth. RSF increased primarily reflecting the impact of an increase in RSF factor applied to residential mortgage securities previously utilised as collateral for TFF drawings<sup>3</sup> and growth in lending.

Table 21 - NSFR Disclosure Template

|  |   | As at 30 June 2024                    |              |               |             |                |
|--|---|---------------------------------------|--------------|---------------|-------------|----------------|
|  |   | Unweighted value by residual maturity |              |               |             | Weighted value |
|  |   | No Maturity                           | 0 - 6 months | 7 - 12 months | > 12 months |                |
|  |   | \$M                                   | \$M          | \$M           | \$M         | \$M            |
| <b>Available Stable Funding (ASF) Item</b> |   |                                       |              |               |             |                |
| 1  | <b>Capital</b>  | 73,192                                | –            | –             | 40,101      | 113,293        |
| 2  | Regulatory Capital  | 73,192                                | –            | –             | 40,101      | 113,293        |
| 3  | Other Capital Instruments   | –                                     | –            | –             | –           | –              |
| 4  | <b>Retail deposits and deposits from small business customers</b>   | 433,516                               | 132,714      | 29            | 154         | 525,480        |
| 5  | Stable deposits <sup>1</sup>  | 260,999                               | 52,828       | 10            | 9           | 298,155        |
| 6  | Less stable deposits <sup>2</sup>   | 172,517                               | 79,886       | 19            | 145         | 227,325        |
| 7  | <b>Wholesale funding</b>  | 160,477                               | 214,600      | 63,950        | 100,953     | 231,748        |
| 8  | Operational deposits  | 93,562                                | –            | –             | –           | 46,781         |
| 9  | Other wholesale funding   | 66,915                                | 214,600      | 63,950        | 100,953     | 184,967        |
| 10   | <b>Liabilities with matching interdependent assets</b>  | –                                     | –            | –             | –           | –              |
| 11   | <b>Other liabilities</b>  | –                                     | 20,429       | 157           | 1,848       | 1,926          |
| 12   | NSFR derivative liabilities   | –                                     | 7,865        | –             | –           | –              |
| 13   | All other liabilities and equity not included in the above categories   | –                                     | 12,564       | 157           | 1,848       | 1,926          |
| 14   | <b>Total ASF</b>  |                                       |              |               |             | <b>872,447</b> |
| <b>Required Stable Funding (RSF) Item</b>  |   |                                       |              |               |             |                |
| 15 a)                                      | <b>Total NSFR HQLA</b>  |                                       |              |               |             | <b>5,492</b>   |
| 15 b)                                      | <b>ALA</b>  |                                       |              |               |             | <b>–</b>       |
| 15 c)                                      | <b>RBNZ Securities</b>  |                                       |              |               |             | <b>369</b>     |
| 16   | <b>Deposits held at other financial institutions for operational purposes</b>   |                                       |              |               |             | <b>–</b>       |
| 17   | <b>Performing loans and securities</b>  | 11,116                                | 139,100      | 60,951        | 833,430     | 696,381        |
| 18   | Performing loans to financial institutions secured by Level 1 HQLA  | 6,891                                 | 61,652       | 7,190         | 2,226       | 12,675         |
| 19   | Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions   | 4,225                                 | 25,344       | 17,874        | 39,844      | 53,216         |
| 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) | –                                     | 39,898       | 27,955        | 147,492     | 158,616        |
| 21   | of which: with a risk weight of less than or equal to 35% under APS 112   | –                                     | 647          | 566           | 3,400       | 2,817          |
| 22   | Performing residential property loans   | –                                     | 7,428        | 6,822         | 633,919     | 460,149        |
| 23   | of which: are standard loans to individuals with a LVR of 80% or below  | –                                     | 5,426        | 5,095         | 451,461     | 298,710        |
| 24   | Securities that are not in default and do not qualify as HQLA, including exchange-traded equities   | –                                     | 4,778        | 1,110         | 9,949       | 11,725         |
| 25   | <b>Assets with matching interdependent liabilities</b>  | –                                     | –            | –             | –           | –              |
| 26   | <b>Other assets:</b>  | 1,342                                 | 28,022       | 2,206         | 25,989      | 34,929         |
| 27   | Physical traded commodities, including gold   | 1,342                                 | –            | –             | –           | 1,140          |
| 28   | Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties (CCPs)  | –                                     | 1,550        | –             | –           | 1,318          |
| 29   | NSFR derivative assets  | –                                     | 5,753        | –             | –           | –              |
| 30   | NSFR derivative liabilities before deduction of variation margin posted   | –                                     | 15,798       | –             | –           | 3,160          |
| 31   | All other assets not included in the above categories   | –                                     | 4,921        | 2,206         | 25,989      | 29,311         |
| 32   | <b>Off Balance Sheet items</b>  | –                                     | 203,490      | –             | –           | 11,850         |
| 33   | <b>Total RSF</b>  |                                       |              |               |             | <b>749,021</b> |
| 34   | <b>Net Stable Funding Ratio (%)</b>   |                                       |              |               |             | <b>116</b>     |

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.

3 For RSF, residential mortgages pledged as collateral for the TFF received a lower RSF factor (10%). The repayment of the TFF meant these mortgages no longer qualified for the lower RSF factor, requiring a RSF factor of 65%. This reduced NSFR by ~3%.

# Liquidity Risk (continued)

## 12.3 Net Stable Funding Ratio (continued)

|  |   | As at 31 March 2024                   |                |               |                |                |
|--|---|---------------------------------------|----------------|---------------|----------------|----------------|
|  |   | Unweighted value by residual maturity |                |               |                | Weighted       |
|  |   | No Maturity                           | 0 - 6 months   | 7 - 12 months | > 12 months    | value          |
|  |   | \$M                                   | \$M            | \$M           | \$M            | \$M            |
| <b>Available Stable Funding (ASF) Item</b> |   |                                       |                |               |                |                |
| 1  | <b>Capital</b>  | <b>72,113</b>                         | <b>–</b>       | <b>–</b>      | <b>40,595</b>  | <b>112,707</b> |
| 2  | Regulatory Capital  | 72,113                                | –              | –             | 40,595         | 112,707        |
| 3  | Other Capital Instruments   | –                                     | –              | –             | –              | –              |
| 4  | <b>Retail deposits and deposits from small business customers</b>   | <b>433,259</b>                        | <b>131,630</b> | <b>29</b>     | <b>147</b>     | <b>524,241</b> |
| 5  | Stable deposits <sup>1</sup>  | 260,411                               | 52,963         | 9             | 14             | 297,727        |
| 6  | Less stable deposits <sup>2</sup>   | 172,848                               | 78,667         | 20            | 133            | 226,514        |
| 7  | <b>Wholesale funding</b>  | <b>151,364</b>                        | <b>238,878</b> | <b>74,632</b> | <b>106,587</b> | <b>238,094</b> |
| 8  | Operational deposits  | 84,716                                | –              | –             | –              | 42,358         |
| 9  | Other wholesale funding   | 66,648                                | 238,878        | 74,632        | 106,587        | 195,736        |
| 10   | <b>Liabilities with matching interdependent assets</b>  | <b>–</b>                              | <b>–</b>       | <b>–</b>      | <b>–</b>       | <b>–</b>       |
| 11   | <b>Other liabilities</b>  | <b>–</b>                              | <b>24,694</b>  | <b>156</b>    | <b>1,953</b>   | <b>2,031</b>   |
| 12   | NSFR derivative liabilities   | –                                     | 8,685          | –             | –              | –              |
| 13   | All other liabilities and equity not included in the above categories   | –                                     | 16,009         | 156           | 1,953          | 2,031          |
| 14   | <b>Total ASF</b>  |                                       |                |               |                | <b>877,073</b> |
| <b>Required Stable Funding (RSF) Item</b>  |   |                                       |                |               |                |                |
| 15 a)                                      | <b>Total NSFR HQLA</b>  |                                       |                |               |                | <b>5,573</b>   |
| 15 b)                                      | <b>ALA</b>  |                                       |                |               |                | <b>3,199</b>   |
| 15 c)                                      | <b>RBNZ Securities</b>  |                                       |                |               |                | <b>365</b>     |
| 16   | <b>Deposits held at other financial institutions for operational purposes</b>   |                                       |                |               |                | <b>–</b>       |
| 17   | <b>Performing loans and securities</b>  | <b>11,482</b>                         | <b>152,546</b> | <b>57,251</b> | <b>793,994</b> | <b>677,144</b> |
| 18   | Performing loans to financial institutions secured by Level 1 HQLA  | 8,267                                 | 60,408         | 3,622         | 2,492          | 11,170         |
| 19   | Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions   | 3,215                                 | 24,764         | 15,277        | 41,753         | 53,589         |
| 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) | –                                     | 36,241         | 30,460        | 144,932        | 155,889        |
| 21   | of which: with a risk weight of less than or equal to 35% under APS 112   | –                                     | 678            | 529           | 3,265          | 2,726          |
| 22   | Performing residential property loans   | –                                     | 7,679          | 6,808         | 592,627        | 433,497        |
| 23   | of which: are standard loans to individuals with a LVR of 80% or below  | –                                     | 5,241          | 5,099         | 411,899        | 272,904        |
| 24   | Securities that are not in default and do not qualify as HQLA, including exchange-traded equities   | –                                     | 23,454         | 1,084         | 12,190         | 22,999         |
| 25   | <b>Assets with matching interdependent liabilities</b>  | <b>–</b>                              | <b>–</b>       | <b>–</b>      | <b>–</b>       | <b>–</b>       |
| 26   | <b>Other assets:</b>  | <b>3,027</b>                          | <b>34,210</b>  | <b>1,572</b>  | <b>26,414</b>  | <b>36,794</b>  |
| 27   | Physical traded commodities, including gold   | 3,027                                 | –              | –             | –              | 2,573          |
| 28   | Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties (CCPs)  | –                                     | 1,493          | –             | –              | 1,269          |
| 29   | NSFR derivative assets  | –                                     | 8,374          | –             | –              | –              |
| 30   | NSFR derivative liabilities before deduction of variation margin posted   | –                                     | 16,537         | –             | –              | 3,307          |
| 31   | All other assets not included in the above categories   | –                                     | 7,806          | 1,572         | 26,414         | 29,645         |
| 32   | <b>Off Balance Sheet items</b>  | <b>–</b>                              | <b>199,929</b> | <b>–</b>      | <b>–</b>       | <b>10,603</b>  |
| 33   | <b>Total RSF</b>  |                                       |                |               |                | <b>733,678</b> |
| 34   | <b>Net Stable Funding Ratio (%)</b>   |                                       |                |               |                | <b>120</b>     |

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.

### 13.1 Detailed Capital Disclosures Template (APS 330 Attachment A)

These tables should be read in conjunction with Appendix 13.3 Regulatory Balance Sheet and Appendix 13.4 Reconciliation between Detailed Capital Disclosures Template and Regulatory Balance Sheet.

|   |  | 30 Jun 24<br>Basel III<br>%          |         |
|---|--|--------------------------------------|---------|
| <b>Summary Group Capital Adequacy Ratios (Level 2)</b>        |  |                                      |         |
| CET1  |  | 12.3                                 |         |
| Tier 1  |  | 14.3                                 |         |
| Total Capital   |  | 20.9                                 |         |
|   |  | 30 Jun 24<br>Basel III<br>\$M        |         |
|   |  | Reconciliation<br>Table<br>Reference |         |
| <b>Common Equity Tier 1 Capital: instruments and reserves</b> |  |                                      |         |
| 1   | Directly issued qualifying ordinary shares (and equivalent for mutually-owned entities) capital  | 33,635                               | Table A |
| 2   | Retained earnings  | 41,546                               |         |
| 3   | Accumulated other comprehensive income (and other reserves)  | (2,147)                              |         |
| 4   | Directly issued capital subject to phase out from CET1 (only applicable to mutually-owned companies)   | –                                    |         |
| 5   | Ordinary share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)   | –                                    | Table B |
| 6   | Common Equity Tier 1 Capital before regulatory adjustments   | 73,034                               |         |
| <b>Common Equity Tier 1 Capital: regulatory adjustments</b>   |  |                                      |         |
| 7   | Prudential valuation adjustments   | (9)                                  |         |
| 8   | Goodwill (net of related tax liability)  | (5,285)                              | Table C |
| 9   | Other intangibles other than mortgage servicing rights (net of related tax liability)  | (2,259)                              | Table C |
| 10  | Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)  | –                                    | Table D |
| 11  | Cash flow hedge reserve  | 1,510                                |         |
| 12  | Shortfall of provisions to expected losses <sup>1</sup>  | –                                    |         |
| 13  | Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)  | –                                    |         |
| 14  | Gains and losses due to changes in own credit risk on fair valued liabilities  | (32)                                 |         |
| 15  | Defined benefit superannuation fund net assets <sup>2</sup>  | (305)                                |         |
| 16  | Investments in own shares (if not already netted off paid-in capital on reported Balance Sheet)  | –                                    |         |
| 17  | Reciprocal cross-holdings in common equity   | –                                    |         |
| 18  | Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the ADI does not own more than 10% of the issued share capital (amount above 10% threshold) | –                                    |         |
| 19  | Significant investments in the ordinary shares of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)   | –                                    |         |
| 20  | Mortgage service rights (amount above 10% threshold)   | –                                    |         |
| 21  | Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)  | –                                    | Table D |
| 22  | Amount exceeding the 15% threshold   |                                      |         |
| 23  | of which: significant investments in the ordinary shares of financial entities   | –                                    |         |
| 24  | of which: mortgage servicing rights  | –                                    |         |
| 25  | of which: deferred tax assets arising from temporary differences   | –                                    | 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)

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

|  | 30 Jun 24<br>Basel III<br>\$M | Reconciliation<br>Table<br>Reference |
|--|-------------------------------|--------------------------------------|
| 26   | (8,963)                       |                                      |
| 26a  | 158                           | Table A                              |
| 26b  | -                             |                                      |
| 26c  | -                             |                                      |
| 26d  | (4,186)                       | Table G                              |
| 26e  | (3,320)                       | Table D                              |
| 26f  | (1,231)                       |                                      |
| 26g  | (117)                         | Table G                              |
| 26h  | -                             |                                      |
| 26i  | -                             |                                      |
| 26j  | (267)                         |                                      |
| 27   | -                             |                                      |
| 28   | (15,343)                      |                                      |
| 29   | 57,691                        |                                      |
| <b>Additional Tier 1 Capital: instruments</b>            |                               |                                      |
| 30   | 9,272                         |                                      |
| 31   | -                             |                                      |
| 32   | 9,272                         | Table E                              |
| 33   | -                             |                                      |
| 34   | -                             |                                      |
| 35   | -                             |                                      |
| 36   | 9,272                         | Table E                              |
| <b>Additional Tier 1 Capital: regulatory adjustments</b> |                               |                                      |
| 37   | -                             |                                      |
| 38   | -                             |                                      |
| 39   | -                             |                                      |
| 40   | -                             |                                      |
| 41   | -                             |                                      |
| 41a  | -                             |                                      |
| 41b  | -                             |                                      |
| 41c  | -                             |                                      |
| 42   | -                             |                                      |
| 43   | -                             |                                      |
| 44   | 9,272                         |                                      |
| 45   | 66,963                        |                                      |
| <b>Tier 2 Capital: instruments and provisions</b>        |                               |                                      |
| 46   | 29,179                        | Table F                              |
| 47   | -                             |                                      |
| 48   | -                             |                                      |
| 49   | -                             |                                      |
| 50   | 2,074                         |                                      |
| 51   | 31,253                        |                                      |

1 Total regulatory adjustments to CET1 of \$15,343 million in Row 28 is net of APRA's allowance for treasury shares held by the Group's eligible employee share scheme arrangements of \$158 million as detailed in Row 26a.

# Appendices (continued)

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

|   | 30 Jun 24<br>Basel III<br>\$M | Reconciliation<br>Table<br>Reference |
|---|-------------------------------|--------------------------------------|
| <b>Tier 2 Capital: regulatory adjustments</b>   |                               |                                      |
| 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) <sup>1</sup> | (395)                         |                                      |
| 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   | (425)                         |                                      |
| 58 Tier 2 Capital (T2)  | 30,828                        |                                      |
| 59 Total Capital (TC=T1+T2)   | 97,791                        |                                      |
| 60 Total risk weighted assets based on APRA standards   | 467,551                       |                                      |
| <b>Capital ratios and buffers</b>   |                               |                                      |
| 61 CET1 (as a percentage of risk weighted assets)   | 12.3%                         |                                      |
| 62 Tier 1 (as a percentage of risk weighted assets)   | 14.3%                         |                                      |
| 63 Total Capital (as a percentage of risk weighted assets)  | 20.9%                         |                                      |
| 64 Buffer requirement (minimum CET1 requirement of 4.5% plus capital conservation buffer plus any countercyclical buffer requirements, expressed as a percentage of risk weighted assets)   | 10.08%                        |                                      |
| 65 of which: capital conservation buffer requirement <sup>2</sup>   | 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%                         |                                      |
| <b>National minima</b>  |                               |                                      |
| 69 National Common Equity Tier 1 minimum ratio  | –                             |                                      |
| 70 National Tier 1 minimum ratio  | –                             |                                      |
| 71 National Total Capital minimum ratio   | –                             |                                      |
| <b>Amount below thresholds for deductions (not risk weighted)</b>   |                               |                                      |
| 72 Non-significant investments in the capital of other financial entities   | 1,562                         | Table G                              |
| 73 Significant investments in the ordinary shares of financial entities   | 2,624                         | Table G                              |
| 74 Mortgage servicing rights (net of related tax liability)   | –                             |                                      |
| 75 Deferred tax assets arising from temporary differences (net of related tax liability)  | 3,320                         | Table D                              |
| <b>Applicable caps on the inclusion of provisions in Tier 2</b>   |                               |                                      |
| 76 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)   | 71                            |                                      |
| 77 Cap on inclusion of provisions in Tier 2 under standardised approach   | 283                           |                                      |
| 78 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)   | 2,003                         |                                      |
| 79 Cap for inclusion of provisions in Tier 2 under internal ratings-based approach  | 2,067                         |                                      |
| <b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)</b>  |                               |                                      |
| 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*.

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

## Appendices (continued)

### 13.2 Detailed Leverage Disclosures Template (APS 330 Attachment E)

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

|          |  | 30 Jun 24        |
|----------|--|------------------|
|          |  | Basel III        |
|          |  | \$M              |
| 1        | Total consolidated assets as per published financial statements  | 1,254,076        |
| 2        | Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation | (2,459)          |
| 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   | 11,709           |
| 5        | Adjustment for SFTs (i.e. repos and similar secured lending)   | (6,338)          |
| 6        | Adjustment for off Balance Sheet exposures (i.e. conversion to credit equivalent amounts of off Balance Sheet exposures)   | 110,717          |
| 7        | Other adjustments  | (28,530)         |
| <b>8</b> | <b>Leverage ratio exposure</b>   | <b>1,339,175</b> |

Table 18 – Leverage ratio disclosure template

|  |   | 30 Jun 24        |
|--|---|------------------|
|  |   | Basel III        |
|  |   | \$M              |
| <b>On Balance Sheet exposures</b>        |   |                  |
| 1  | On Balance Sheet items (excluding derivatives and securities financing transactions (SFTs), but including collateral)                     | 1,139,718        |
| 2  | (Asset amounts deducted in determining Tier 1 Capital)  | (16,517)         |
| 3  | <b>Total On Balance Sheet exposures (excluding derivatives and SFTs)</b>  | <b>1,123,201</b> |
| <b>Derivative exposures</b>              |   |                  |
| 4  | Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)                                | 7,570            |
| 5  | Add-on amounts for potential future credit exposure (PFCE) associated with all derivatives transactions                                   | 19,997           |
| 6  | Gross-up for derivatives collateral provided where deducted from the Balance Sheet assets pursuant to the Australian Accounting Standards | 5,591            |
| 7  | (Deductions of receivables assets for cash variation margin provided in derivatives transactions)   | (3,421)          |
| 8  | (Exempted central counterparty (CCP) leg of client-cleared trade exposures)   | –                |
| 9  | Adjusted effective notional amount of written credit derivatives  | 2,479            |
| 10                                       | (Adjusted effective notional offsets and add-on deductions for written credit derivatives)  | (2,449)          |
| 11                                       | <b>Total derivative exposures</b>   | <b>29,767</b>    |
| <b>SFT exposures</b>                     |   |                  |
| 12                                       | Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions                                      | 95,383           |
| 13                                       | (Netted amounts of cash payables and cash receivables of gross SFT assets)  | (27,520)         |
| 14                                       | CCR exposure for SFT assets   | 7,627            |
| 15                                       | Agent transaction exposures   | –                |
| 16                                       | <b>Total SFT exposures</b>  | <b>75,490</b>    |
| <b>Other Off Balance Sheet exposures</b> |   |                  |
| 17                                       | Off Balance Sheet exposure at gross notional amount   | 200,239          |
| 18                                       | (Adjustments for conversion to credit equivalent amounts)   | (89,522)         |
| 19                                       | <b>Other Off Balance Sheet exposures</b>  | <b>110,717</b>   |
| <b>Capital and total exposures</b>       |   |                  |
| 20                                       | Tier 1 Capital  | 66,963           |
| 21                                       | Total exposures   | 1,339,175        |
| <b>Leverage ratio</b>                    |   |                  |
| 22                                       | Leverage ratio (%)  | 5.0              |

## Appendices (continued)

### 13.3 Regulatory Balance Sheet

The following table provides details on the Group's Balance Sheet and the Level 2 Regulatory Balance Sheet as at 30 June 2024.

|  | Group<br>Balance<br>Sheet<br>\$M | Adjustment <sup>1</sup><br>\$M | Level 2<br>Regulatory<br>Balance<br>Sheet<br>\$M | Template/<br>Reconciliation<br>Table<br>Reference |
|--|----------------------------------|--------------------------------|--|---|
| <b>Assets</b>  |                                  |                                |  |   |
| Cash and liquid assets   | 83,080                           | (2)                            | 83,078   |   |
| Receivables due from other financial institutions                      | 5,862                            | –                              | 5,862  |   |
| Assets at fair value through Income Statement                          | 79,033                           | –                              | 79,033   |   |
| Derivative assets  | 18,058                           | –                              | 18,058   |   |
| Investment securities:   |                                  |                                |  |   |
| At amortised cost  | 1,239                            | –                              | 1,239  |   |
| At fair value through Other Comprehensive Income                       | 96,774                           | –                              | 96,774   |   |
| Assets held for sale   | 870                              | –                              | 870  |   |
| Loans, bills discounted and other receivables                          | 942,210                          | (2,549)                        | 939,661  |   |
| Investment in regulatory non-consolidated subsidiaries                 | –                                | 89                             | 89   | Table G   |
| Property, plant and equipment  | 3,676                            | –                              | 3,676  |   |
| Investment in associates and joint ventures                            | 1,671                            | –                              | 1,671  |   |
| Intangible assets  | 7,600                            | –                              | 7,600  | Table C   |
| Deferred tax assets  | 3,771                            | –                              | 3,771  | Table D   |
| Other assets   | 10,232                           | 3                              | 10,235   |   |
| <b>Total assets</b>  | <b>1,254,076</b>                 | <b>(2,459)</b>                 | <b>1,251,617</b>                                 |   |
| <b>Liabilities</b>   |                                  |                                |  |   |
| Deposits and other public borrowings                                   | 882,922                          | 144                            | 883,066  |   |
| Payables due to other financial institutions                           | 24,633                           | –                              | 24,633   |   |
| Liabilities at fair value through Income Statement                     | 47,341                           | –                              | 47,341   |   |
| Derivative liabilities   | 18,850                           | –                              | 18,850   |   |
| Current tax liabilities  | 503                              | (2)                            | 501  |   |
| Deferred tax liabilities   | 111                              | –                              | 111  | Table D   |
| Liabilities held for sale  | –                                | –                              | –  |   |
| Provisions   | 2,908                            | –                              | 2,908  |   |
| Term funding from central banks  | 4,228                            | –                              | 4,228  |   |
| Debt issues  | 144,530                          | (2,592)                        | 141,938  |   |
| Bills payable and other liabilities                                    | 19,024                           | 45                             | 19,069   |   |
| Loan capital   | 35,938                           | –                              | 35,938   | Table E   |
| <b>Total liabilities</b>   | <b>1,180,988</b>                 | <b>(2,405)</b>                 | <b>1,178,583</b>                                 |   |
| <b>Net assets</b>  | <b>73,088</b>                    | <b>(54)</b>                    | <b>73,034</b>                                    |   |
| <b>Shareholders' Equity</b>  |                                  |                                |  |   |
| Ordinary Share capital   | 33,635                           | –                              | 33,635   | Row 1, Table A                                    |
| Reserves   | (2,147)                          | –                              | (2,147)  | Row 3   |
| Retained profits   | 41,600                           | (54)                           | 41,546   | Row 2   |
| <b>Shareholders' Equity attributable to Equity holders of the Bank</b> | <b>73,088</b>                    | <b>(54)</b>                    | <b>73,034</b>                                    |   |
| Non-controlling interests  | –                                | –                              | –  | Table B   |
| <b>Total Shareholders' Equity</b>                                      | <b>73,088</b>                    | <b>(54)</b>                    | <b>73,034</b>                                    |   |

<sup>1</sup> Reflects the deconsolidation of an insurance entity and certain 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)

### 13.4 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 13.1) and the Regulatory Balance Sheet (Appendix 13.3).

| <b>Table A</b>  | <b>30 Jun 24</b> | <b>Template</b>  |
|---|------------------|------------------|
|   | <b>\$M</b>       | <b>Reference</b> |
| <b>Share Capital</b>  |                  |                  |
| Total per Balance Sheet (Ordinary Share Capital) <sup>1</sup>                               | 33,635           | Row 1            |
| Treasury Shares held by the Group's employee share scheme trusts (APRA specific adjustment) | 158              | Row 26a          |
| <b>Total Ordinary Share Capital and Treasury Shares</b>                                     | <b>33,793</b>    |                  |

| <b>Table B</b>   | <b>30 Jun 24</b> | <b>Template</b>  |
|--|------------------|------------------|
|  | <b>\$M</b>       | <b>Reference</b> |
| <b>Non-Controlling Interests</b>                             |                  |                  |
| Total per Balance Sheet <sup>1</sup>                         | –                |                  |
| Less other non controlling interests not included in Capital | –                |                  |
| <b>Total per Capital Template</b>                            | <b>–</b>         | Row 5            |

| <b>Table C</b>   | <b>30 Jun 24</b> | <b>Template</b>  |
|--|------------------|------------------|
|  | <b>\$M</b>       | <b>Reference</b> |
| <b>Goodwill and Other Intangibles</b>  |                  |                  |
| Total per Balance Sheet <sup>1</sup>   | 7,600            |                  |
| Less capitalised software and other intangibles separately disclosed in template | (2,315)          |                  |
| <b>Total per Capital Template - Goodwill</b>                                     | <b>5,285</b>     | Row 8            |
| Other intangibles (including capitalised software) per Balance Sheet             | 2,315            |                  |
| Less deferred tax liability associated with other intangibles                    | (56)             |                  |
| <b>Total per Capital Template - Other Intangibles</b>                            | <b>2,259</b>     | Row 9            |

| <b>Table D</b>   | <b>30 Jun 24</b> | <b>Template</b>  |
|--|------------------|------------------|
|  | <b>\$M</b>       | <b>Reference</b> |
| <b>Deferred Tax Assets</b>   |                  |                  |
| Deferred tax assets per Balance Sheet <sup>1</sup>                             | 3,771            |                  |
| Less deferred tax liabilities per Balance Sheet <sup>1</sup>                   | (111)            |                  |
| Net Deferred Tax Assets <sup>2</sup>   | 3,660            |                  |
| Adjustments required in accordance with APRA prudential standards <sup>3</sup> | (340)            |                  |
| <b>Total per Capital Template</b>  | <b>3,320</b>     | 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)

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

| <b>Table E</b>  | <b>30 Jun 24<br/>\$M</b> | <b>Template<br/>Reference</b> |
|---|--------------------------|-------------------------------|
| <b>Additional Tier 1 Capital</b>                                  |                          |                               |
| Total Loan Capital per Balance Sheet <sup>1</sup>                 | 35,938                   |                               |
| Add fair value hedge adjustments <sup>2</sup>                     | 2,952                    |                               |
| Total Loan Capital net of issue costs at their contractual values | 38,890                   |                               |
| Less amount related to Tier 2 Capital Instruments                 | (29,676)                 |                               |
| Total Tier 1 Loan Capital   | 9,214                    |                               |
| Add issue costs <sup>3</sup>                                      | 58                       |                               |
| <b>Total per Capital Template</b>                                 | <b>9,272</b>             | Row 36                        |
| <b>Additional Tier 1 Capital Instruments comprises</b>            |                          |                               |
| <b>Basel III Complying Instruments</b>                            |                          |                               |
| PERLS X   | 1,365                    |                               |
| PERLS XII   | 1,650                    |                               |
| PERLS XIII  | 1,180                    |                               |
| PERLS XIV   | 1,750                    |                               |
| PERLS XV  | 1,777                    |                               |
| PERLS XVI   | 1,550                    |                               |
| <b>Total Additional Tier 1 Capital Instruments</b>                | <b>9,272</b>             | Row 36                        |

| <b>Table F</b>  | <b>30 Jun 24<br/>\$M</b> | <b>Template<br/>Reference</b> |
|---|--------------------------|-------------------------------|
| <b>Tier 2 Capital Instruments</b>   |                          |                               |
| Total included in Balance Sheet   | 29,676                   |                               |
| Less amount of Tier 2 debt issued by subsidiary ineligible for inclusion in the Group's Capital | -                        |                               |
| Add issue costs <sup>3</sup>  | 44                       |                               |
| Less amortisation of instruments <sup>4</sup>   | (541)                    |                               |
| <b>Total per Capital Template</b>   | <b>29,179</b>            | Row 46                        |

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](http://Commbank.com.au/regulatorydisclosures)

# Appendices (continued)

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

| <b>Table G</b>  | <b>30 Jun 24</b> | <b>Template</b>  |
|---|------------------|------------------|
|   | <b>\$M</b>       | <b>Reference</b> |
| <b>Equity Investments</b>                                       |                  |                  |
| Investment in commercial entities                               | 117              | Row 26g          |
| Investments in significant financial entities                   | 2,535            | Row 26d, 73      |
| Investments in non-significant financial entities               | 1,562            | Row 26d, 72      |
|   | <b>4,214</b>     |                  |
| Equity investment in non-consolidated subsidiaries <sup>1</sup> | 89               | Row 26d, 73      |
| <b>Total per Capital Template <sup>2</sup></b>                  | <b>4,303</b>     |                  |

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 in the nature of equity for regulatory capital purposes.

2 The aggregate of investments in significant financial entities of \$2,535 million, investments in non-significant financial entities of \$1,562 million and equity investment in non-consolidated subsidiaries of \$89 million is a total of \$4,186 million and is included in Row 26d in the Detailed Capital Disclosures Template. The remaining balance of \$117 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.

| <b>Table H</b>              | <b>RWA <sup>1</sup></b> | <b>Jurisdictional Buffer</b> | <b>ADI Specific Buffer <sup>2</sup></b> | <b>Template</b>  |
|-----------------------------|-------------------------|------------------------------|---|------------------|
|                             | <b>\$M</b>              | <b>%</b>                     | <b>%</b>                                | <b>Reference</b> |
| <b>Country <sup>3</sup></b> |                         |                              |   |                  |
| Australia                   | 293,216                 | 1.000                        | 0.807354                                |                  |
| United Kingdom              | 2,668                   | 2.000                        | 0.014693                                |                  |
| Ireland                     | 1,452                   | 1.500                        | 0.005998                                |                  |
| Hong Kong                   | 540                     | 1.000                        | 0.001488                                |                  |
| Luxembourg                  | 446                     | 0.500                        | 0.000615                                |                  |
| France                      | 397                     | 1.000                        | 0.001094                                |                  |
| Netherlands                 | 267                     | 2.000                        | 0.001472                                |                  |
| Denmark                     | 92                      | 2.500                        | 0.000632                                |                  |
| South Korea                 | 81                      | 1.000                        | 0.000223                                |                  |
| Norway                      | 49                      | 2.500                        | 0.000336                                |                  |
| Others                      | 63,973                  | 0.000                        | 0.000000                                |                  |
| <b>Total</b>                | <b>363,181</b>          |                              | <b>0.833905</b>                         | 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 30 June 2024.

## Appendices (continued)

### 13.5 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<br>\$M | Total Liabilities<br>\$M |
|--------------------------------|---------------------|--------------------------|
| <b>(a) Securitisation</b>      |                     |                          |
| Medallion Trust Series 2017-1  | 506                 | 506                      |
| Medallion Trust Series 2017-2  | 613                 | 613                      |
| Medallion Trust Series 2018-1  | 816                 | 816                      |
| Medallion Trust Series 2018-1P | 232                 | 232                      |
| Medallion Trust Series 2019-1  | 445                 | 445                      |

| Entity name                   | Total Assets<br>\$M | Total Liabilities<br>\$M |
|-------------------------------|---------------------|--------------------------|
| <b>(b) Insurance</b>          |                     |                          |
| CBA Captive Insurance Pte Ltd | 148                 | 18                       |



## Appendices (continued)

### 13.6 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.

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<sup>1</sup> Details can be found at [Commbank.com.au/regulatorydisclosures](http://Commbank.com.au/regulatorydisclosures)

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<sup>1</sup> Details can be found at [Commbank.com.au/regulatorydisclosures](http://Commbank.com.au/regulatorydisclosures)

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## Appendices (continued)

### 13.8 Glossary

| Term   | Definition   |
|--|--|
| <b>Additional Tier 1 Capital (AT1)</b>                   | 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.  |
| <b>Advanced Internal Ratings-based (AIRB) Approach</b>   | This approach is used to measure credit risk in accordance with the Group's Basel III accreditation. 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.  |
| <b>Alternative Liquid Assets (ALA)</b>                   | 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.  |
| <b>ASB</b>   | ASB Bank Limited – a subsidiary of the Commonwealth Bank of Australia that is regulated by the RBNZ.   |
| <b>Australian Accounting Standards</b>                   | The Australian Accounting Standards as issued by the Australian Accounting Standards Board (AASB).   |
| <b>Australian Prudential Regulation Authority (APRA)</b> | 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.  |
| <b>Authorised Deposit-taking Institution (ADI)</b>       | ADIs are corporations that are authorised under the Banking Act 1959 to carry on banking business in Australia.  |
| <b>Banking Book</b>                                      | 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.  |
| <b>Basel II</b>  | Refers to the Basel Committee on Banking Supervision's Revised Framework for International Convergence of Capital Measurement and Capital Standards issued in June 2006 and as subsequently amended.   |
| <b>Basel 2.5</b>   | Refers to the Basel II framework revised (2009) to include additional requirements such as the Incremental Risk Charge (IRC), Stressed VaR (SVaR), the treatment of securitisation exposure and the Comprehensive Risk Measure (CRM) for certain correlation trading activities.   |
| <b>Basel III</b>   | 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.  |
| <b>APRA's Revised Capital Framework</b>                  | Refers to APRA's revision to the ADI Capital Framework implemented from 1 January 2023.  |
| <b>Capital Floor</b>                                     | 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.  |
| <b>CBA</b>   | Commonwealth Bank of Australia – the head entity of the Group.   |
| <b>Central Counterparty (CCP)</b>                        | 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.  |
| <b>Collective Provision</b>                              | 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> ). |
| <b>Commercial Property</b>                               | Basel asset class – a property exposure that is not a residential property or a land acquisition, development and construction exposure.   |
| <b>Committed Liquidity Facility (CLF)</b>                | 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.   |
| <b>Common Equity Tier 1 (CET1) Capital</b>               | 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)

## 13.8 Glossary (continued)

| Term  | Definition  |
|---|---|
| <b>Corporate</b>  | Basel asset class –this includes commercial credit risk where annual revenues are greater than or equal to \$75 million but less than \$750 million.  |
| <b>Corporate - Large</b>                                  | Basel asset class applies to commercial credit risk where annual revenues are more than \$750 million.  |
| <b>Credit Valuation Adjustment (CVA) Risk</b>             | The risk of mark-to-market losses related to deterioration in the credit quality of a derivative counterparty.  |
| <b>Domestic Public Sector Entity</b>                      | 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.   |
| <b>Exposure at Default (EAD)</b>                          | The extent to which the Group may be exposed upon default of an obligor.  |
| <b>Extended Licenced Entity (ELE)</b>                     | 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> .  |
| <b>External Credit Assessment Institution (ECAI)</b>      | For example: Moody's Investor Services, S&P Global Ratings or Fitch Ratings.  |
| <b>Financial Institution</b>                              | 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.   |
| <b>Foundation Internal Ratings-based (FIRB) Approach</b>  | This approach is used to measure credit risk in accordance with the Group's Basel III accreditation that allows the Group to use internal estimates of PD and rely on supervisory estimates for LGD and EAD for the purposes of calculating regulatory capital.   |
| <b>General Provisions</b>                                 | 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.   |
| <b>Group</b>  | Commonwealth Bank of Australia and its subsidiaries.  |
| <b>High Quality Liquid Assets (HQLA)</b>                  | 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.   |
| <b>Impaired Assets</b>                                    | 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.  |
| <b>Individual provisions</b>                              | 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.  |
| <b>Interest Rate Risk in the Banking Book (IRRBB)</b>     | 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. |
| <b>Land Acquisition Development or Construction (ADC)</b> | Basel asset class – exposures secured by land acquired for development and construction purposes, or development and construction of any residential or commercial property.  |
| <b>Level 1</b>  | The Parent Bank (Commonwealth Bank of Australia), offshore branches (the Bank) and APRA approved Extended Licensed Entities.  |
| <b>Level 2</b>  | 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 an insurance business and certain entities through which securitisation of Group assets is conducted. This is the basis on which this report has been produced.  |
| <b>Level 3</b>  | The conglomerate group including the Group's insurance entity and qualifying securitisation entities.   |
| <b>Leverage Ratio</b>                                     | Tier 1 Capital divided by total exposures, with this ratio expressed as a percentage.   |
| <b>Liquidity Coverage Ratio (LCR)</b>                     | 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.   |

# Appendices (continued)

## 13.8 Glossary (continued)

| Term  | Definition  |
|---|---|
| <b>Loss Given Default (LGD)</b>                                     | 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.  |
| <b>Monte Carlo simulation</b>                                       | A method of random sampling to achieve numerical solutions to mathematical problems.  |
| <b>Net Cash Outflows (NCO)</b>                                      | 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.   |
| <b>Net Stable Funding Ratio (NSFR)</b>                              | 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. |
| <b>Non-performing</b>   | An exposure that is in default.   |
| <b>Operational Risk under the Standardised Measurement Approach</b> | 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.  |
| <b>Other Assets</b>   | Basel asset class – primarily includes Cash Items, Investments in Related Entities, Fixed Assets, Lease Assets and Margin Lending.  |
| <b>Other Retail</b>   | Basel asset class – primarily includes retail credit exposures not otherwise classed as a residential mortgage, SME retail or a qualifying revolving retail asset.  |
| <b>Past Due</b>   | 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.  |
| <b>Probability of Default (PD)</b>                                  | 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.   |
| <b>Prudential Capital Requirement (PCR)</b>                         | The regulatory minimum CET1, Tier 1 and Total Capital ratios that the Group is required to maintain at all times.   |
| <b>Qualifying Revolving Retail (QRR)</b>                            | 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.  |
| <b>RBA</b>  | Reserve Bank of Australia.  |
| <b>RBNZ</b>   | Reserve Bank of New Zealand.  |
| <b>RBNZ regulated entities</b>                                      | 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.   |
| <b>Residential Mortgage</b>   | Basel asset class – retail exposures secured by residential mortgage property.  |
| <b>Risk Weighted Assets (RWA)</b>                                   | The value of the Group's on and off Balance Sheet assets are adjusted by risk weights calculated according to various APRA prudential standards.  |
| <b>Scaling Factor</b>   | 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. This is also applied to advanced exposures within RBNZ regulated entities.   |
| <b>Securities Financing Transactions (SFT)</b>                      | 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.  |
| <b>Securitisation</b>   | Basel asset class – Group originated securitised exposures and the provision of facilities to customers in relation to securitisation activities.   |
| <b>SME Corporate</b>  | Basel asset class – Small and Medium Enterprise (SME) commercial credit risk where annual revenues are less than \$75 million.  |
| <b>SME Retail</b>   | Basel asset class – Small and Medium Enterprise (SME) commercial credit risk where annual revenues are less than \$75 million and exposures are less than \$1.5 million.  |
| <b>Sovereign</b>  | Basel asset class – primarily claims on Australian and foreign governments, central banks (including the RBA), international banking agencies and regional development banks.   |

# Appendices (continued)

## 13.8 Glossary (continued)

| Term   | Definition   |
|--|--|
| <b>Specialised Lending</b>                             | Basel asset classes subject to the supervisory slotting approach which include: object finance, project finance and commodity finance.   |
| <b>Specific Provisions</b>                             | All provisions, both collectively and individually assessed, classified as Stage 3 in accordance with Australian Accounting Standards (AASB 9 <i>Financial Instruments</i> ).  |
| <b>Stage 1</b>   | 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.  |
| <b>Stage 2</b>   | 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. |
| <b>Stage 3</b>   | Non-performing (defaulted) financial assets are transferred to Stage 3 and an impairment provision equivalent to lifetime ECL is recognised.   |
| <b>Standardised Approach</b>                           | 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.  |
| <b>Stressed Value-at-Risk (SVaR)</b>                   | 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.  |
| <b>Term Funding Facility (TFF)</b>                     | A facility provided by the RBA to certain ADIs to support lending to Australian businesses.  |
| <b>Tier 1 Capital</b>                                  | Comprises CET1 and Additional Tier 1 Capital.  |
| <b>Tier 2 Capital</b>                                  | Capital items that fall short of the necessary conditions to qualify as Tier 1 Capital.  |
| <b>Total Capital</b>                                   | Comprises CET1, Additional Tier 1 Capital and Tier 2 Capital.  |
| <b>Total Exposures (as used in the leverage ratio)</b> | 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.  |
| <b>Trading Book</b>                                    | 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.  |
| <b>Value-at-Risk (VaR)</b>                             | Value-at-Risk is a measure of potential loss using historically observed market volatility and correlation between different markets.  |