



BASEL III PILLAR 3

CAPITAL ADEQUACY AND RISKS
DISCLOSURES AS AT 30 SEPTEMBER 2015

CommonwealthBank



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Scope of Application

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

This document is prepared in accordance with Board approved policy and quarterly reporting requirements set out in APRA's prudential standard APS 330 "Public Disclosure". It presents information on the Group's capital adequacy and Risk Weighted Asset (RWA) calculations for credit risk including securitisation, market risk, Interest Rate Risk in the Banking Book (IRRBB) and operational risk.

This document also presents information on the Group's leverage ratio in accordance with prescribed methodology.

The Group is required to report its assessment of capital adequacy on a Level 2 basis. Level 2 is defined as the consolidated banking group excluding the insurance, funds management businesses and entities through which securitisation of Group assets are conducted.

The Group is predominantly accredited to use the Advanced Internal Ratings Based (AIRB) approach for credit risk and Advanced Measurement Approach (AMA) for operational risk. The Group is also required to assess its traded market risk and IRRBB requirement under Pillar 1 of the Basel capital framework.

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

The Group's capital adequacy and risk disclosures for the year ended 30 June 2015 are available on the Group's corporate website:

www.commbank.com.au/about-us/investors/shareholders.

Group Capital Ratios

The Group's Basel III Common Equity Tier 1 (CET1) APRA ratio was 9.8% at 30 September 2015, compared to 9.1% at 30 June 2015.

The increase in the APRA capital ratios during the quarter primarily reflects capital generated from earnings combined with the entitlement offer of \$5.1 billion completed in August and September 2015. This was partly offset by:

- The impact of the June 2015 final dividend, which included the issuance of shares in respect of the Dividend Reinvestment Plan (DRP); and
- Increases in RWA as outlined on page 2.

The Group's Basel III internationally comparable CET1 ratio as at 30 September 2015 was 13.6%, compared to 12.7% at 30 June 2015. The internationally comparable basis aligns with the APRA study entitled "International capital comparison study" (13 July 2015).

Capital Initiatives

The following significant capital initiatives were undertaken during the quarter:

- The aforementioned \$5.1 billion that the Group raised through an institutional and retail entitlements offer; and
- The DRP in respect of the 2015 final dividend was satisfied by the allocation of approximately \$655 million of ordinary shares, representing a participation rate of 18.1%.

Leverage Ratio

The Group's Leverage Ratio, which is defined as Tier 1 Capital as a percentage of exposures, was 4.7% at 30 September 2015 on an APRA basis and 5.3% on an internationally comparable basis.

Summary Group Capital Adequacy Ratios (Level 2)	30 Sep 15	30 Jun 15
	%	%
Common Equity Tier 1	9.8	9.1
Tier 1	11.8	11.2
Tier 2	1.5	1.5
Total Capital (APRA)	13.3	12.7
Common Equity Tier 1 (Internationally Comparable)⁽¹⁾	13.6	12.7

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

Risk Weighted Assets

Risk Weighted Assets

RWA are calculated in accordance with the AIRB approach for the majority of the Group's credit risk exposures.

Internal assessment and supervisory formula approaches are used where relevant for non-rated securitisation exposures

and the ratings-based approach is used for securitisation exposures rated by External Credit Assessment Institutions (ECAI).

APS 330 Table 3a to 3e – Basel III capital requirements (RWA)

Asset Category	Risk Weighted Assets		Change in RWA for September 2015 quarter	
	30 Sep 15 \$M	30 Jun 15 \$M	\$M	%
Credit Risk				
Subject to advanced IRB approach				
Corporate	66,544	60,879	5,665	9.3
SME corporate	25,429	25,289	140	0.6
SME retail	5,192	5,068	124	2.4
SME retail secured by residential mortgage	2,961	2,949	12	0.4
Sovereign	6,138	5,163	975	18.9
Bank	14,065	12,024	2,041	17.0
Residential mortgage	73,957	74,382	(425)	(0.6)
Qualifying revolving retail	9,292	8,861	431	4.9
Other retail	14,025	13,942	83	0.6
Impact of the regulatory scaling factor ⁽¹⁾	13,055	12,513	542	4.3
Total RWA subject to advanced IRB approach	230,658	221,070	9,588	4.3
Specialised lending	53,806	51,081	2,725	5.3
Subject to standardised approach				
Corporate	10,424	10,357	67	0.6
SME corporate	5,293	5,921	(628)	(10.6)
SME retail	6,047	5,843	204	3.5
Sovereign	257	209	48	23.0
Bank	189	244	(55)	(22.5)
Residential mortgage	6,886	6,728	158	2.3
Other retail	2,699	2,679	20	0.7
Other assets	5,288	4,982	306	6.1
Total RWA subject to standardised approach	37,083	36,963	120	0.3
Securitisation	1,665	1,653	12	0.7
Credit valuation adjustment	9,199	7,712	1,487	19.3
Central counterparties	765	695	70	10.1
Total RWA for credit risk exposures	333,176	319,174	14,002	4.4
Traded market risk	6,876	6,335	541	8.5
Interest rate risk in the banking book	10,917	10,847	70	0.6
Operational risk	32,629	32,365	264	0.8
Total risk weighted assets	383,598	368,721	14,877	4.0

(1) APRA requires RWA amounts derived from IRB risk weight functions to be multiplied by a scaling factor of 1.06.

Risk Weighted Assets

Total RWA increased by \$14.9 billion or 4.0% on the prior quarter to \$383.6 billion.

Credit Risk Exposure and RWA

Credit risk RWA increased \$14.0 billion or 4.4% on the prior quarter to \$333.2 billion, mainly due to:

- Growth in most portfolios;
- Depreciation of the Australian dollar;
- Refreshed parameters in models used to calculate credit risk estimates; and
- Changes to the treatment of some advanced IRB SME exposures.

This was partly offset by a modest improvement in the portfolio credit profile.

Traded Market Risk RWA

Traded market risk RWA increased by \$0.5 billion or 8.5% to \$6.9 billion predominately due to the impact of the Stressed Value-at-Risk (VaR) capital charge under the Internal Model Approach.

Interest Rate Risk in the Banking Book (IRRBB) RWA

IRRBB RWA remained largely unchanged during the quarter driven by increases arising from the capital raising and interest rate risk management activity, largely offset by the impact of decreased interest rates.

Operational Risk RWA

Operational Risk RWA increased by \$0.3 billion during the quarter as a result of changes in the business environment.

Credit Risk Exposures

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

APS 330 Table 4a – Credit risk exposures by portfolio type and modelling approach

Portfolio Type	30 September 2015				Average exposure for September 2015 quarter ⁽¹⁾	Change in exposure for September 2015 quarter ⁽²⁾	
	Off balance sheet			Total			
	On balance sheet	Non-market related	Market related				
	\$M	\$M	\$M	\$M	\$M	\$M	%
Subject to advanced IRB approach							
Corporate	63,428	46,222	8,765	118,415	113,214	10,401	9.6
SME corporate	33,384	7,416	303	41,103	42,113	(2,021)	(4.7)
SME retail	7,444	3,048	136	10,628	10,510	237	2.3
SME retail secured by residential mortgage	4,717	1,299	-	6,016	6,114	(196)	(3.2)
Sovereign	74,041	1,279	3,440	78,760	73,455	10,609	15.6
Bank	34,922	2,880	14,416	52,218	50,785	2,866	5.8
Residential mortgage	421,824	71,472	-	493,296	489,067	8,458	1.7
Qualifying revolving retail	9,741	17,372	-	27,113	27,091	45	0.2
Other retail	7,804	3,032	-	10,836	10,833	6	0.1
Total advanced IRB approach	657,305	154,020	27,060	838,385	823,182	30,405	3.8
Specialised lending	48,210	13,917	1,848	63,975	62,432	3,087	5.1
Subject to standardised approach							
Corporate	8,443	1,951	91	10,485	10,447	75	0.7
SME corporate	4,560	657	28	5,245	5,549	(608)	(10.4)
SME retail	5,289	725	29	6,043	5,941	205	3.5
Sovereign	441	4	2	447	419	57	14.6
Bank	624	2	-	626	679	(106)	(14.5)
Residential mortgage	10,414	1,910	21	12,345	12,158	373	3.1
Other retail	2,577	109	1	2,687	2,676	23	0.9
Other assets	11,482	-	-	11,482	10,672	1,620	16.4
Central counterparties	-	-	3,802	3,802	3,616	372	10.8
Total standardised approach	43,830	5,358	3,974	53,162	52,157	2,011	3.9
Total credit exposures ⁽³⁾	749,345	173,295	32,882	955,522	937,771	35,503	3.9

(1) The simple average of exposures as at 30 September 2015 and 30 June 2015.

(2) The difference between exposures as at 30 September 2015 and 30 June 2015.

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

Credit Risk

Credit Risk Exposures (continued)

APS 330 Table 4a – Credit risk exposures by portfolio type and modelling approach (continued)

Portfolio Type	30 June 2015				Average exposure for June 2015 quarter ⁽¹⁾	Change in exposure for June 2015 quarter ⁽²⁾	
	Off balance sheet			Total			
	On balance sheet	Non-market related	Market related				
\$M	\$M	\$M	\$M	\$M	\$M	%	
Subject to advanced IRB approach							
Corporate	56,926	44,405	6,683	108,014	106,849	2,331	2.2
SME corporate	33,855	8,664	605	43,124	42,598	1,053	2.5
SME retail	7,393	2,978	20	10,391	10,234	314	3.1
SME retail secured by residential mortgage	4,918	1,294	-	6,212	6,635	(845)	(12.0)
Sovereign	64,526	1,309	2,316	68,151	72,889	(9,476)	(12.2)
Bank	33,138	2,924	13,290	49,352	47,484	3,736	8.2
Residential mortgage	414,950	69,888	-	484,838	483,536	2,603	0.5
Qualifying revolving retail	9,847	17,221	-	27,068	27,028	79	0.3
Other retail	7,913	2,917	-	10,830	10,877	(95)	(0.9)
Total advanced IRB approach	633,466	151,600	22,914	807,980	808,130	(300)	-
Specialised lending	47,358	11,921	1,609	60,888	60,026	1,725	2.9
Subject to standardised approach							
Corporate	8,328	1,987	95	10,410	10,213	394	3.9
SME corporate	4,831	997	25	5,853	5,629	447	8.3
SME retail	5,290	534	14	5,838	5,787	102	1.8
Sovereign	382	8	-	390	478	(175)	(31.0)
Bank	731	1	-	732	715	35	5.0
Residential mortgage	10,134	1,819	19	11,972	11,663	618	5.4
Other retail	2,608	55	1	2,664	2,686	(45)	(1.7)
Other assets	9,862	-	-	9,862	9,981	(238)	(2.4)
Central counterparties	-	-	3,430	3,430	3,489	(119)	(3.4)
Total standardised approach	42,166	5,401	3,584	51,151	50,641	1,019	2.0
Total credit exposures⁽³⁾	722,990	168,922	28,107	920,019	918,797	2,444	0.3

(1) The simple average of exposures as at 30 June 2015 and 31 March 2015.

(2) The difference between exposures as at 30 June 2015 and 31 March 2015.

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

Past Due and Impaired Exposures, Provisions and Reserves

Reconciliation of Australian Accounting Standards and APS 220 based credit provisions and APS 330 Table 4c – General reserve for credit losses (GRCL)

	30 September 2015		
	General		
	reserve for	Specific	Total
	credit losses ⁽¹⁾	provision ⁽¹⁾	provisions
	\$M	\$M	\$M
Collective provision ⁽²⁾	2,614	150	2,764
Individual provisions ⁽²⁾	-	846	846
Total provisions	2,614	996	3,610
Additional GRCL requirement ⁽³⁾	367	-	367
Total regulatory provisions	2,981	996	3,977

(1) Provisions classified according to APS 220 "Credit Quality".

(2) Provisions according to the Australian Accounting Standards.

(3) The Group has recognised a deduction from CET1 of \$367 million in order to maintain the required minimum GRCL.

	30 June 2015		
	General		
	reserve for	Specific	Total
	credit losses ⁽¹⁾	provision ⁽¹⁾	provisions
	\$M	\$M	\$M
Collective provision ⁽²⁾	2,599	163	2,762
Individual provisions ⁽²⁾	-	887	887
Total provisions	2,599	1,050	3,649
Additional GRCL requirement ⁽³⁾	346	-	346
Total regulatory provisions	2,945	1,050	3,995

(1) Provisions classified according to APS 220 "Credit Quality".

(2) Provisions as reported in financial accounts according to the Australian Accounting Standards.

(3) The Group has recognised a deduction from CET1 of \$346 million in order to maintain the required minimum GRCL.

Credit Risk

Past Due and Impaired Exposures, Provisions and Reserves (continued)

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

APS 330 Table 4b – Impaired, past due, specific provisions and write-offs charged by portfolio

Portfolio	As at 30 September 2015			Quarter ended 30 September 2015	
	Impaired assets	Past due loans ≥ 90 days	Specific provision balance ⁽¹⁾	Net charges for individual provisions	Actual losses ⁽²⁾
	\$M	\$M	\$M	\$M	\$M
Corporate including SME, specialised lending and central counterparties	1,475	547	669	53	106
Sovereign	-	-	-	-	-
Bank	10	-	10	-	-
Residential mortgage	1,005	1,564	180	23	17
Qualifying revolving retail	108	-	55	-	73
Other retail	151	25	82	(1)	86
Total	2,749	2,136	996	75	282

(1) Specific provision balance includes certain Australian Accounting Standards collective provisions on some past due loans ≥ 90 days.

(2) Actual losses equal write-offs from individual provisions, write-offs direct from collective provisions less recoveries of amounts previously written off, for the quarter ended 30 September 2015.

Portfolio	As at 30 June 2015			Quarter ended 30 June 2015	
	Impaired assets	Past due loans ≥ 90 days	Specific provision balance ⁽¹⁾	Net charges for individual provisions	Actual losses ⁽²⁾
	\$M	\$M	\$M	\$M	\$M
Corporate including SME and specialised lending and central counterparties	1,612	545	712	123	365
Sovereign	-	-	-	-	-
Bank	10	-	10	-	-
Residential mortgage	951	1,753	179	18	21
Qualifying revolving retail	117	-	59	-	66
Other retail	165	25	90	1	89
Total	2,855	2,323	1,050	142	541

(1) Specific provision balance includes certain Australian Accounting Standards collective provisions on some past due loans ≥ 90 days.

(2) Actual losses equal write-offs from individual provisions, write-offs direct from collective provisions less recoveries of amounts previously written off, for the quarter ended 30 June 2015.

Securitisation

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

Underlying Asset Type	For the 3 months to 30 September 2015	
	Total exposures securitised	Recognised gain or loss on sale
	\$M	\$M
Residential mortgage	3,234	-
Credit cards and other personal loans	-	-
Auto and equipment finance	80	-
Commercial loans	-	-
Other	-	-
Total	3,314	-

Underlying Asset Type	For the 3 months to 30 June 2015	
	Total exposures securitised	Recognised gain or loss on sale
	\$M	\$M
Residential mortgage	1,081	-
Credit cards and other personal loans	1	-
Auto and equipment finance	100	-
Commercial loans	-	-
Other	-	-
Total	1,182	-

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

Securitisation Facility Type	As at 30 September 2015		
	On Balance Sheet	Off Balance Sheet	Total exposures
	\$M	\$M	\$M
Liquidity support facilities	-	96	96
Warehouse facilities	2,176	2,596	4,772
Derivative facilities	33	8	41
Holdings of securities	9,220	3	9,223
Other	5	-	5
Total securitisation exposures	11,434	2,703	14,137

Securitisation Facility Type	As at 30 June 2015		
	On Balance Sheet	Off Balance Sheet	Total exposures
	\$M	\$M	\$M
Liquidity support facilities	-	54	54
Warehouse facilities	2,200	2,564	4,764
Derivative facilities	43	10	53
Holdings of securities	8,704	-	8,704
Other	5	-	5
Total securitisation exposures	10,952	2,628	13,580

Leverage Ratio

Leverage Ratio

The leverage ratio is defined as Tier 1 Capital as a percentage of “total exposures” ⁽¹⁾. The Group commenced the disclosure of its leverage ratio at 30 September 2015 and, as a result, no prior period comparatives have been presented.

The Basel Committee on Banking Supervision (BCBS) has advised that the leverage ratio will migrate to a Pillar 1 (minimum capital requirement) from 1 January 2018.

Summary Group Leverage Ratio	30 Sep 15
Tier 1 Capital (\$M)	45,341
Total Exposures (\$M) ⁽¹⁾	959,272
Leverage Ratio (APRA) (%)	4.7
Leverage Ratio (Internationally Comparable) (%) ⁽²⁾	5.3

(1) Total exposures is the sum of on balance sheet items, derivatives, securities financing transactions (SFTs), and off balance sheet items, net of any Tier 1 regulatory deductions that are already included in these items, as outlined in APS 110 “Capital Adequacy” (APS 110) Attachment D.

(2) The Tier 1 Capital included in the calculation of the internationally comparable leverage ratio aligns with the APRA study entitled “International capital comparison study” (13 July 2015) and includes Basel III non-compliant Tier 1 instruments that are currently subject to transitional rules.

Term	Definition
Additional Tier 1 Capital	Additional Tier 1 Capital is a Basel III defined concept and consists of high quality capital that essentially includes providing a permanent and unrestricted commitment of funds, is freely available to absorb losses, ranks behind the claims of depositors and other more senior creditors in the event of a wind-up, and provides for fully discretionary capital distributions.
Australian Accounting Standards	The Australian Accounting Standards as issued by the Australian Accounting Standards Board.
Authorised Deposit-taking Institution (ADI)	Includes banks, building societies and credit unions which are authorised by APRA to take deposits from customers.
Advanced Internal Ratings Based (AIRB) Approach	Used to measure credit risk in accordance with the Group's Basel III accreditation that allows the Group to use internal estimates of PD, LGD and EAD for the purposes of calculating regulatory capital.
Advanced Measurement Approach (AMA)	Used to measure operational risk in accordance with the Group's Basel III accreditation that allows the Group to use its own internal model for the purposes of calculating regulatory capital.
Australian Prudential Regulation Authority (APRA)	The regulator of banks, insurance companies and superannuation funds, credit unions, building societies and friendly societies in Australia.
ADI Prudential Standards (APS)	APRA's ADI Prudential Standards. For more information, refer to the APRA web site.
ASB	ASB Bank Limited – a subsidiary of the Commonwealth Bank of Australia that is directly regulated by the Reserve Bank of New Zealand.
Bank	Basel asset class – includes claims on ADIs and overseas banks.
Basel II	Refers to the Basel Committee on Banking Supervision's Revised Framework for International Convergence of Capital Measurement and Capital Standards issued in June 2006 and as subsequently amended.
Basel 2.5	Refers to the Basel II framework revised (2009) to include additional requirements such as the Incremental Risk Charge (IRC), Stressed VaR (SVaR), the treatment of securitisation exposures and the Comprehensive Risk Measure (CRM) for certain correlation trading activities.
Basel III	Refers to the Basel Committee on Banking Supervision's framework for more resilient banks and banking systems issued December 2010 (revised June 2011) and Capital requirements for bank exposures to central counterparties (July 2012).
CBA	Commonwealth Bank of Australia – the head entity of the Group.
Central counterparty (CCP)	A clearing house that interposes itself between counterparties to contracts traded in one or more financial markets, thereby ensuring the future performance of open contracts.
Common Equity Tier 1 (CET1) Capital	The highest quality of capital available to the Group reflecting the permanent and unrestricted commitment of funds that are freely available to absorb losses. It comprises ordinary share capital, retained earnings and reserves less prescribed deductions.
Collective Provision	All loans and receivables that do not have an individually assessed provision are assessed collectively for impairment. The collective provision is maintained to reduce the carrying value of the portfolio of loans to their estimated recoverable amounts. These provisions are as reported in the Group's Financial Statements in accordance with the Australian Accounting Standards (AASB 139 "Financial Instruments: Recognition and Measurement").
Corporate	Basel asset class – includes commercial credit risk where annual revenues exceed \$50 million.
Credit Valuation Adjustment (CVA) Risk	The risk of mark-to-market losses related to deterioration in the credit quality of a derivative counterparty.

Glossary

Term	Definition
Exposure at Default (EAD)	The extent to which a bank may be exposed upon default of an obligor.
External Credit Assessment Institution (ECAI)	For example Moody's, Standard & Poor's or Fitch.
Extended Licenced Entity (ELE)	APRA may deem an entity of an ADI to be part of the ADI itself for the purposes of measuring the ADIs exposures to related entities.
General Reserve for Credit Losses (GRCL)	APS 220 requires the Group to establish a reserve that covers credit losses prudently estimated, but not certain to arise, over the full life of all individual facilities making up the business of the ADI. Most of the Group's collective provisions are included in the General Reserve for Credit Losses. An excess of required General Reserve for Credit Losses over the Group's collective provisions is recognised as a deduction from CET1.
Individual Provisions	Provisions made against individual facilities in the credit-rated managed segment where there is objective evidence of impairment and full recovery of principal and interest is considered doubtful. These provisions are as reported in the Group's Financial Statements in accordance with the Australian Accounting Standards (AASB 139 "Financial Instruments: Recognition and Measurement"). Also known as individually assessed provisions or IAP.
Interest Rate Risk in the Banking Book (IRRBB)	The risk that the Bank's profit derived from Net Interest Income (interest earned less interest paid), in current and future periods, is adversely impacted from changes in interest rates. This is measured from two perspectives; firstly by quantifying the change in the net present value of the balance sheet's future earnings potential and secondly, as the anticipated change to the Net Interest Income earned over 12 months. The APS117 IRRBB regulatory capital requirement is calculated using the net present value approach.
Level 1	Represents the ADI and each entity of the ADI that has been approved as an extended licence entity by APRA.
Level 2	The level at which the Group reports its capital adequacy to APRA being the consolidated banking group comprising the ADI and all of its subsidiary entities other than the insurance and funds management entities through which securitisation of Group assets is conducted. This is the basis on which this report has been produced.
Level 3	The conglomerate group including the Group's insurance and wealth management business.
Leverage Ratio	Tier 1 Capital divided by Total Exposures, with this ratio expressed as a percentage.
Loss Given Default (LGD)	The fraction of EAD that is not expected to be recovered following default.
Other Assets	Basel asset class – primarily includes Cash, Investments in Related Entities, Fixed Assets and Margin Lending.
Other Retail	Basel asset class – primarily includes retail credit exposures not otherwise classed as a residential mortgage, SME retail or a qualifying revolving retail asset.
Prudential Capital Requirement (PCR)	Represents the minimum capital requirement set by APRA that an ADI must maintain across CET1, Tier 1 Capital and Total Capital.
Probability of Default (PD)	The likelihood that a debtor fails to meet an obligation or contractual commitment.
Qualifying Revolving Retail (QRR)	Basel asset class – represents revolving exposures to individuals less than \$0.1m, unsecured and unconditionally cancellable by the Group. Only Australian retail credit cards qualify for this AIRB asset class.
Residential Mortgage	Basel asset class – retail exposures secured by residential mortgage property.

Term	Definition
RBA	Reserve Bank of Australia.
RBNZ	Reserve Bank of New Zealand.
Risk Weighted Assets (RWA)	The value of the Group's on and off-balance sheet assets are adjusted by risk weights calculated according to various APRA prudential standards. For more information, refer to the APRA web site.
Scaling Factor	In order to broadly maintain the aggregate level of capital in the global financial system post implementation of Basel II, the Basel Committee on Banking Supervision applies a scaling factor to the risk-weighted asset amounts for credit risk under the IRB approach of 1.06.
Securitisation	Basel asset class – Group-originated securitised exposures and the provision of facilities to customers in relation to securitisation activities.
SME Corporate	Basel asset class – Small and Medium Enterprise (SME) commercial credit risk where annual revenues are less than \$50 million and exposures are greater than \$1 million.
SME Retail	Basel asset class – Small and Medium Enterprise (SME) exposures up to \$1 million that are not secured by residential mortgage property.
SME Retail Secured by Residential Mortgage	Small and Medium Enterprise (SME) exposures up to \$1 million that are partly or fully secured by residential mortgage property.
Sovereign	Basel asset class – primarily includes claims on Australian and foreign governments, central banks (including Reserve Bank of Australia), international banking agencies and regional development banks.
Specialised Lending	Basel asset classes subject to the supervisory slotting approach and which include Income Producing Real Estate (IPRE), object finance, project finance and commodity finance.
Specific Provisions	APS 220 requires ADIs to report as specific provisions all provisions for impairment assessed by an ADI on an individual basis in accordance with the Australian Accounting Standards and that portion of provisions assessed on a collective basis which are deemed ineligible to be included in the General Reserve for Credit Losses (which are primarily collective provisions on some defaulted assets).
Stress VAR	Stressed Value at Risk uses the same methodology as Value at Risk (VaR) except that the historical data used is taken from a one year observation period of significant market volatility as seen during the Global Financial Crisis.
Tier 1 Capital	Comprises CET1 and Additional Tier 1 Capital.
Tier 2 Capital	Capital items that fall short of the necessary conditions to qualify as Tier 1 Capital.
Total Exposures (as used in the Leverage Ratio)	The sum of on balance sheet items, derivatives, securities financing transactions (SFTs), and off balance sheet items, net of any Tier 1 regulatory deductions that are already included in these items, as outlined in APS 110 "Capital Adequacy" (APS 110) Attachment D.

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