Basel III Pillar 3

Capital Adequacy and Risk Disclosures as at 30 June 2026

Commonwealth Bank of Australia

For further information contact:

Investor Relations
Melanie Kirk
Phone: 02 9118 7113
Email: cbainvestorrelations@cba.com.au

The release of this announcement was authorised by the Board.

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1 Introduction

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

This document is prepared for CBA and its subsidiaries (the Group) in accordance with the Board approved policy and APRA's Prudential Standard APS 330 *Public Disclosures* (APS 330). Australian ADIs are required to comply with the "Disclosure requirements" Standard issued by the Basel Committee on Banking Supervision (BCBS), subject to certain modifications by APRA. The document includes quantitative and qualitative information for the period ended 30 June 2026 together with comparative information where relevant for comparability purposes.

The document presents information on the Group's capital adequacy, Risk Weighted Assets (RWA) calculations, Group's leverage and liquidity ratios in accordance with prescribed regulatory methodologies.

For capital adequacy, the Group reports information on credit risk (including securitisation), traded market risk, interest rate risk in the banking book (IRRBB) and operational risk.

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 the Group's 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 (SMA) 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 adopted the revised APS 117 *Capital Adequacy: Interest Rate Risk in the Banking Book* (APS 117) effective from 1 October 2025.

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.*

The Group's Pillar 3 documents including disclosures of capital instruments are available on the Group's corporate website: commbank.com.au/regulatorydisclosures.

The Group in Review

Summary Group Capital Adequacy Ratios (Level 2)	30 Jun 26 %	31 Dec 25 %	30 Jun 25 %
Common Equity Tier 1	**12.0**	12.3	12.3
Additional Tier 1	**1.5**	1.5	1.6
Tier 1	**13.5**	13.8	13.9
Tier 2	**7.3**	6.8	7.0
Total Capital	**20.8**	20.6	20.9

Group Capital Ratios

As at 30 June 2026, the Group's Basel III Common Equity Tier 1 (CET1), Tier 1 and Total Capital ratios were 12.0%, 13.5% and 20.8%, respectively.

Leverage Ratio

The Group's leverage ratio which is defined as Tier 1 Capital as a percentage of total exposures, was 4.6% as at 30 June 2026.

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 severe liquidity stress scenario. The Group maintained an average LCR of 132% in the June 2026 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) over a one-year horizon. 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 115% at 30 June 2026.

The Group in Review (continued)

Policy Framework and Risk Management Culture

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

To support its policy framework, 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 of the RMA is reflected in the Group's overall asset quality and capital position. CBA is one of the few banking institutions with an AA/Aa2/AA- credit rating.

The Group's capital forecasting process and capital plans are in place to support a sufficient capital buffer above minimum requirements to be maintained at all times. The Group manages its capital by regularly 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. The Group's management of its capital adequacy is supported by robust capital management processes applied in each Business Unit (BU), which are integrated into the Group's risk-adjusted performance and pricing processes.

2 Regulatory Capital Framework Overview

The Group is required to report the calculation of RWA and the assessment of capital adequacy on a Level 2 basis (refer to section 3 *Scope of Application* for further details). APRA has set minimum regulatory capital requirements for ADIs that 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

Pillar 1 Minimum Capital Requirements	**Pillar 2** Supervisory Review Process	**Pillar 3** Market Discipline
Credit Risk Interest Rate Risk in the Banking Book [1] Traded Market Risk Operational Risk	Firm-wide risk oversight Internal Capital Adequacy Assessment 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

1 Applicable to Pillar 1 in Australia only (Pillar 2 elsewhere).

Pillar 1 – Minimum Capital Requirements

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.

From 1 January 2023, APRA has required IRB banks, such as CBA to maintain a minimum CET1 Capital ratio or Prudential Capital Requirement (PCR) of 4.5%. An additional CET1 Capital conservation buffer (CCB) of 5.75%, inclusive of a Domestic Systemically Important Bank (DSIB) requirement of 1% and a Countercyclical Capital Buffer (CCyB) of 1%, bringing the total CET1 requirement to 10.25%.

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 requires ADIs to provide public disclosure of information on the risk management practices and capital adequacy in line with the requirements in APS 330. Under this standard, Australian ADIs are required to comply with the “Disclosure requirements” Standard issued by the BCBS, subject to certain modifications by APRA. Pillar 3 qualitative and quantitative disclosures are made in detail in this document as part of the Group’s 30 June 2026 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 public disclosure of capital instruments, potential G-SIBs indicators and remuneration: Commbank.com.au/regulatorydisclosures.

3 Scope of Application

This document has been prepared in accordance with the Board approved policy and the requirements as 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 the Group's assets is conducted; and
- **Level 3**: the conglomerate group including the Group's insurance entity and qualifying securitisation entities (the Group).

Most of the disclosures in this document are undertaken on a Level 2 basis. Additional disclosure of capital ratios relating to material ADIs within the Group together with the Level 1 capital ratios are included in Section 4 of this document.

ASB Bank Limited (ASB) operates under Advanced accreditation status and is subject to regulation by the Reserve Bank of New Zealand (RBNZ).

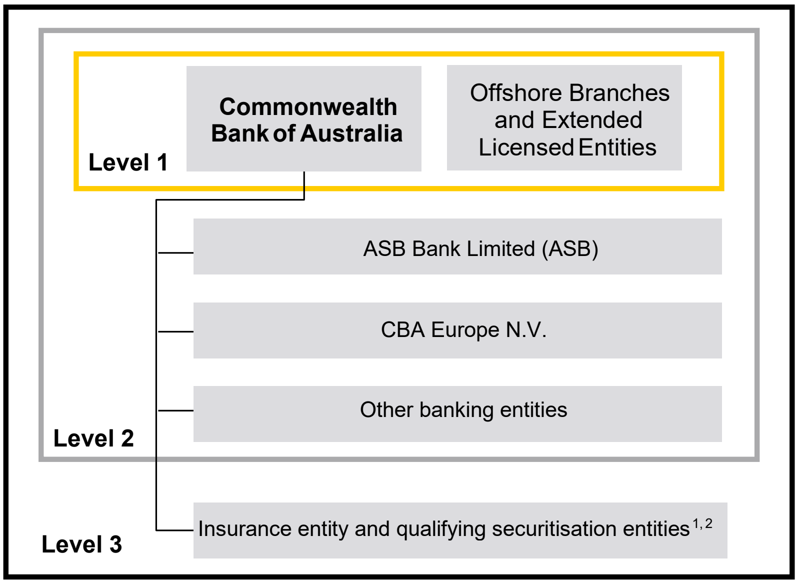
CBA Europe N.V. applies the Standardised capital methodology in calculating its local regulatory capital requirements. Effective from March 2022, APRA approved CBA Europe N.V. use of the Internal Ratings Based approach (IRB) for the purpose of determining the Group's capital requirement on a Level 2 basis.

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 capital deficiencies in non-consolidated (regulatory) subsidiaries in the Group.

APS 330 reporting structure



1 Refer to LIA in *Appendices* for a detailed list of non-consolidated entities.
2 Securitisation that meets APRA's operational requirements for regulatory capital relief under APS 120 *Securitisation* (APS 120).

4 Capital

Capital Adequacy

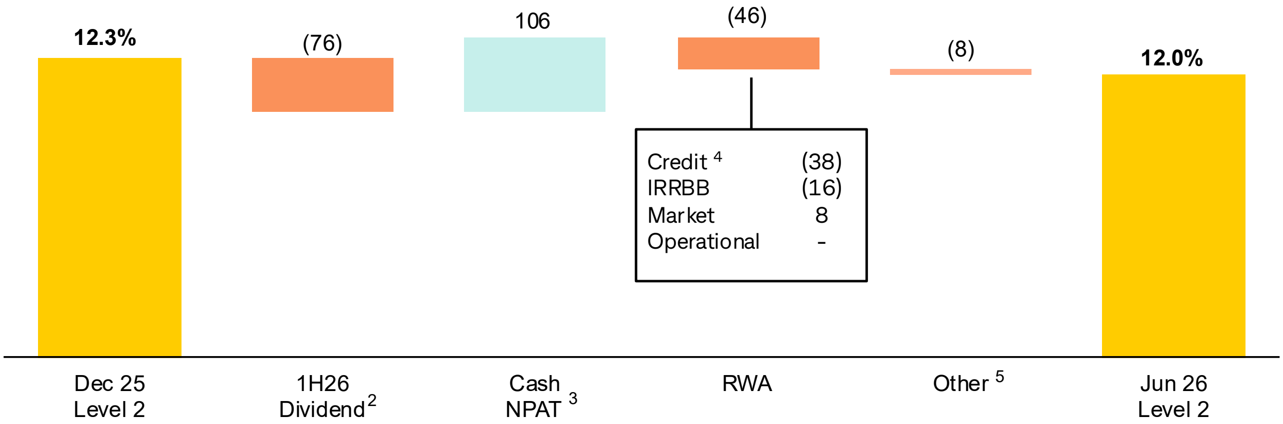
The Group actively manages its capital to balance the perspectives of various stakeholders (regulators, rating agencies and shareholders). This is achieved by optimising the mix of capital, while maintaining adequate capital ratios throughout the financial year. The Group's capital is managed within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

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

The Group has a range of instruments and approaches available to effectively manage capital. These include issuances and buy-backs of ordinary shares, dividend and DRP policies, subordinated loan capital issuances qualifying as Tier 2 Capital, and the redemption of existing Additional Tier 1 Capital and Tier 2 Capital instruments according to their terms and conditions. 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, Asset and Liability Committee and at regular intervals throughout the year to the Board. Capital forecasts are updated on a continuous basis and a detailed capital plan is presented to the Board annually.

Capital – CET1 (APRA) (bpts)[1]



1 Due to rounding, numbers presented in this section may not sum precisely to the totals provided.
2 The 2026 interim dividend included the on-market purchase of $530 million of shares (CET1 impact of -10 bpts) in respect of the Dividend Reinvestment Plan.
3 Excludes net equity accounted profits/losses and impairments from associates as they are capital neutral with offsetting changes in regulatory capital deductions.
4 Excludes impact of foreign exchange movements which is included in 'Other'.
5 Includes 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 Capital ratio was 12.0% as at 30 June 2026, a decrease of 30 basis points from 31 December 2025 and 30 June 2025. The CET1 Capital ratio was well above APRA's regulatory requirement at all times throughout the full year ended 30 June 2026. Key drivers of the change in CET1 for the 6 months ended 30 June 2026 were:

- Capital generated from earnings; partly offset by
- The payment of the 1H26 dividend;
- Higher total RWA primarily driven by an increase in Credit Risk and IRRBB RWA, partly offset by lower Traded Market Risk RWA; and
- Other regulatory adjustments and movement in reserves.

Further details on the movements in RWA are provided on pages 15-16.

Capital (continued)

Capital Initiatives

The following significant capital initiatives were undertaken during the year ended 30 June 2026:

Common Equity Tier 1 Capital

The Dividend Reinvestment Plan (DRP) in respect of both the 2025 final dividend and the 2026 interim dividend were satisfied in full by the on-market purchase of shares. The participation rates for the DRPs were 14.8% and 13.5% respectively.

Tier 2 Capital

The Group issued the following Basel III compliant subordinated notes:

- EUR1,000 million in August 2025;
- AUD950 million, AUD600 million and AUD300 million in March 2026;
- EUR1,250 million in May 2026; and
- JPY25.6 billion in June 2026.

The Group redeemed AUD1,400 million subordinated notes in September 2025 and the remaining USD597 million of the USD1,250 million subordinated notes in December 2025, both Basel III compliant Tier 2 Capital instruments.

Regulatory Framework

The APRA prudential standards prescribe a minimum CET1 Capital ratio of 10.25% for Internal Ratings-based (IRB) ADIs such as CBA, comprising a minimum Prudential Capital Requirement (PCR) of 4.5% and a capital conservation buffer (CCB) of 5.75%, which includes a Domestic Systemically Important Bank (D-SIB) buffer of 1% and a baseline countercyclical capital buffer (CCyB) set at 1%[1]. The CCyB, which may be varied by APRA in the range of 0%-3.5%, can be released in times of systemic stress and post-stress recovery.

The minimum Tier 1 and Total Capital requirements as at 30 June 2026 were 11.75% and 18.25%, respectively.

Regulatory Developments

Additional Tier 1 Capital

On 4 December 2025, APRA finalised the consequential amendments to the bank prudential framework to phase out Additional Tier 1 Capital (AT1) instruments. Large, internationally active banks such as CBA will be able to replace the current 1.5% of AT1 Capital with 0.25% of CET1 Capital and 1.25% of Tier 2 Capital. The CET1 minimum requirement, inclusive of regulatory buffers, will increase to 10.50%, whilst Total Capital requirement will remain unchanged at the 1 January 2026 level of 18.25%.

Existing AT1 instruments will be eligible to be included as Tier 2 Capital from this date until their first scheduled call date. During the transition period, the legal terms of AT1 instruments will remain in effect, with AT1 Capital absorbing losses ahead of Tier 2 in a resolution event. CBA's existing AT1 capital instruments would reach their first scheduled call dates by 2030 at the latest.

The leverage ratio and limits on large and related-party exposures will be measured on a CET1 Capital basis. For IRB banks such as CBA, the minimum leverage ratio requirement will decrease from 3.5% to 3.25%.

These changes will be effective from 1 January 2027.

New Zealand bank capital adequacy requirements

On 17 December 2025, the Reserve Bank of New Zealand (RBNZ) released the final capital settings for New Zealand deposit takers.

For Group 1 deposit takers such as ASB, the changes include a lower CET1 Capital requirement of 12%, removal of AT1 Capital instruments and the introduction of a 6% LAC (Loss Absorbing Capacity) requirement which may be met with Tier 2 Capital, increasing the Total Capital requirement to 21%. All Tier 2 and LAC requirements must be internally issued to the Australian parent bank, such as CBA.

On 28 July 2026, the RBNZ finalised revisions to the Banking Prudential Requirements to implement certain elements of the 2025 Capital Review from 1 October 2026 including revisions to standardised risk weights, removal of the ability to issue AT1 Capital, and transitional maturity rules for new Tier 2 Capital issued by D-SIBs such as ASB prior to the new capital standard coming into force.

Policy proposals on the crisis preparedness package and exposure drafts of the final tranche of Deposit Takers Act prudential standards were released for consultation on 18 June 2026. Consultation on the remaining elements, including LAC requirements, is expected across 2027 ahead of finalisation of the capital standard expected in May 2027 for a phased implementation of LAC requirements from 1 December 2028.

1 In May 2026, 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.

Regulatory Developments (continued)

Enhancements to ADI capital and liquidity frameworks

On 16 March 2026, APRA announced that it will consult on enhancements to ADI capital and liquidity framework across three workstreams, focusing on credit risk capital, liquidity risk and market risk, which include the following proposals:

- Targeted amendments to the standardised capital framework to increase risk sensitivity and better align capital requirements with underlying risk;
- Changes to the liquidity framework including consideration of a new Pillar 2 liquidity framework to address risks not covered by existing Liquidity Coverage Ratio minimum requirements; and
- Implementation of a simplified version of the Basel Committee's Fundamental Review of the Trading Book standard.

On 29 June 2026, APRA released a consultation paper outlining the proposed changes to the standardised credit RWA with respect to infrastructure, unrated corporate and land acquisition, development and construction exposures. APRA expects to finalise these changes in the second half of calendar year 2026, with a proposed effective date of 1 April 2027. APRA has additionally indicated that industry engagement and consultation for the liquidity and market risk workstreams will take place during the next 12 months.

Group Regulatory Capital Position

Summary Group Capital Adequacy Ratios (Level 2)	30 Jun 26 %	31 Dec 25 %	30 Jun 25 %
Common Equity Tier 1	**12.0**	12.3	12.3
Additional Tier 1	**1.5**	1.5	1.6
Tier 1	**13.5**	13.8	13.9
Tier 2	**7.3**	6.8	7.0
Total Capital	**20.8**	20.6	20.9

Group Regulatory Capital Position	30 Jun 26 $M	31 Dec 25 $M	30 Jun 25 $M
Ordinary share capital and treasury shares	**33,775**	33,775	33,775
Reserves	**(1,428)**	(1,367)	1,242
Retained earnings	**46,531**	44,953	43,911
Common Equity Tier 1 Capital before regulatory adjustments	**78,878**	77,361	78,928
Common Equity Tier 1 regulatory adjustments	**(16,116)**	(15,439)	(17,961)
Common Equity Tier 1 Capital	**62,762**	61,922	60,967
Additional Tier 1 Capital	**7,907**	7,907	7,907
Tier 1 Capital	**70,669**	69,829	68,874
Tier 2 Capital	**38,159**	34,432	34,829
Total Capital	**108,828**	104,261	103,703
Risk Weighted Assets	**522,407**	505,310	496,145

Capital (continued)

Capital Ratios: Level 1 and Major Subsidiaries

Significant Group ADIs	30 Jun 26 %	31 Dec 25 %	30 Jun 25 %
CBA Level 1 CET1 Capital ratio	**12.1**	12.2	12.4
CBA Level 1 Tier 1 Capital ratio	**13.7**	13.9	14.1
CBA Level 1 Total Capital ratio	**21.5**	21.3	21.8
ASB CET1 Capital ratio [1]	**14.7**	14.7	14.4
ASB Tier 1 Capital ratio [1]	**14.7**	14.7	14.4
ASB Total Capital ratio [1]	**16.0**	16.0	15.8

1 Calculated in accordance with the RBNZ prudential requirements.

CBA Level 1	30 Jun 26 $M	31 Dec 25 $M	30 Jun 25 $M
Common Equity Tier 1 Capital	**58,494**	57,170	55,978
Additional Tier 1 Capital	**7,907**	7,907	7,907
Tier 1 Capital	**66,401**	65,077	63,885
Tier 2 Capital	**38,037**	34,266	34,619
Total Capital	**104,438**	99,343	98,504
Risk Weighted Assets	**485,374**	466,990	452,589

ASB Banking Group [1]	30 Jun 26 NZ$M	31 Dec 25 NZ$M	30 Jun 25 NZ$M
Common Equity Tier 1 Capital	**11,860**	11,614	10,857
Additional Tier 1	**–**	–	–
Tier 1 Capital	**11,860**	11,614	10,857
Tier 2 Capital	**1,106**	1,055	1,005
Total Capital	**12,966**	12,669	11,862
Risk Weighted Assets	**80,853**	79,178	75,257

1 Calculated in accordance with the RBNZ prudential requirements.

Refer to tables CC1 and CC2 in *Appendices* for the details of the calculation of the Group's regulatory capital.

5 Leverage Ratio

The Group's leverage ratio, defined as Tier 1 Capital as a percentage of total exposures, was 4.6% as at 30 June 2026. The ratio declined by 10 basis points on the prior half with an increase in exposures and the payment of the 1H26 dividend, partly offset by capital generated from earnings.

The minimum leverage ratio requirement for IRB banks, such as CBA, is 3.5%. From 1 January 2027, leverage ratio will be measured on a CET1 Capital basis, with the minimum requirement reducing to 3.25%.

Summary Group Leverage Ratio	30 Jun 26	31 Dec 25	30 Jun 25
Tier 1 Capital ($M)	**70,669**	69,829	68,874
Total Exposures ($M) [1]	**1,543,856**	1,497,194	1,453,694
Leverage Ratio (%)	**4.6**	4.7	4.7

1 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 tables LR1 and LR2 in *Appendices* for the details of the calculation of the leverage ratio.

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 RBNZ 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.

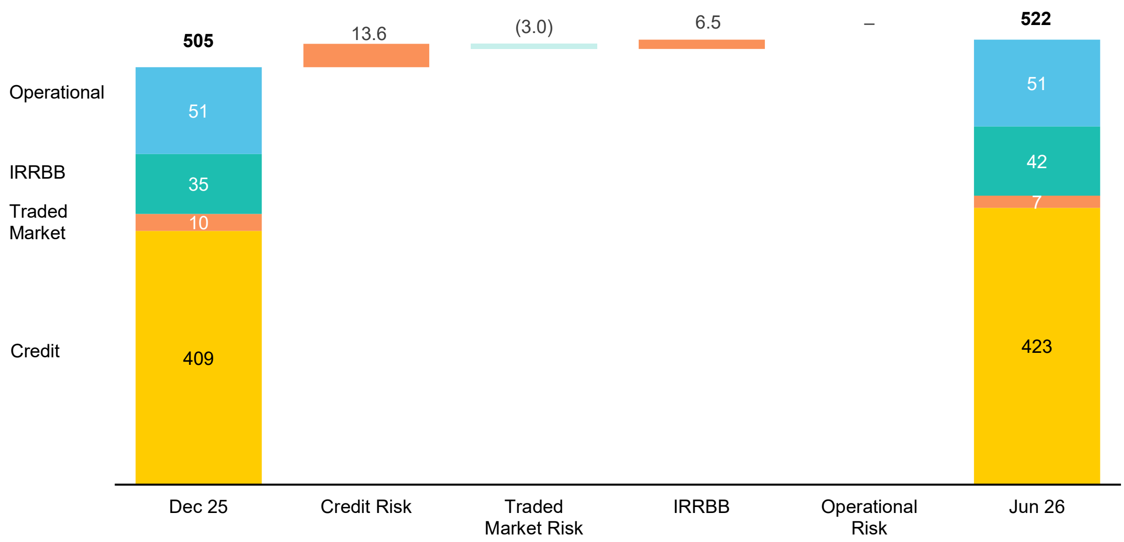
Risk Weighted Assets	30 Jun 26 $M	31 Dec 25 $M	30 Jun 25 $M
Credit Risk	**422,703**	409,119	398,928
of which: IRB (excluding counterparty credit risk)	**387,838**	375,267	363,693
of which: counterparty credit risk and other [1]	**34,865**	33,852	35,235
Traded Market Risk	**7,004**	9,971	9,752
Interest Rate Risk in the Banking Book	**41,659**	35,179	39,841
Operational Risk	**51,041**	51,041	47,624
Total Risk Weighted Assets	**522,407**	505,310	496,145

1 Includes credit valuation adjustment, securitisation, standardised portfolios and settlement risk RWA.

Total Group RWA [1]

Total RWA increased $17.1 billion on the prior half to $522.4 billion, mainly driven by higher Credit RWA and IRRBB RWA, partly offset by lower Traded Market Risk RWA.

Total Risk Weighted Assets ($bn) [1]



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

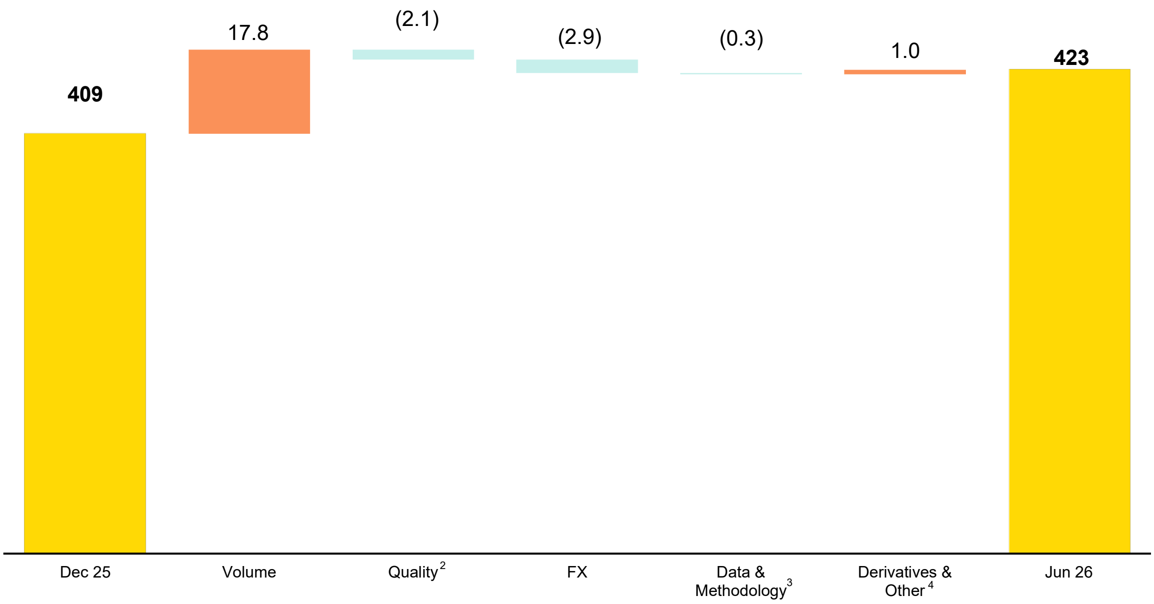
Risk Weighted Assets (continued)

Credit Risk RWA [1]

Credit Risk RWA increased $13.6 billion or 3.3% on the prior half to $422.7 billion. Key drivers include:

- volume growth (increase of $17.8 billion) mainly in commercial portfolios and domestic residential mortgages;
- credit quality improvement (decrease of $2.1 billion) primarily from lower risk weights for commercial lending, New Zealand portfolios and domestic residential mortgages;
- foreign currency movements (decrease of $2.9 billion);
- data & methodology (decrease of $0.3 billion); and
- derivatives and other (increase of $1.0 billion).

Credit Risk Weighted Assets ($bn) [1]



1 Due to rounding, numbers presented in this section may not sum precisely to the totals provided.
2 Credit quality includes portfolio mix.
3 Includes data and methodology, credit risk estimates changes and regulatory treatments.
4 Includes credit valuation adjustment, securitisation, standardised portfolios and settlement risk RWA.

Traded Market Risk RWA

Traded market risk RWA decreased by $3 billion or 30%, on the prior half year to $7 billion, primarily driven by the securities financing portfolio.

Interest Rate Risk in the Banking Book (IRRBB) RWA

IRRBB RWA increased $6.5 billion or 18% on the prior half to $41.7 billion, largely driven by higher swap rates and deposit and equity hedge settings that are calibrated to provide stronger earnings stability through a rate cycle.

Operational Risk RWA

As required by APS 115, operational risk RWA as at 30 June 2026 and 31 December 2025 have been determined based on the annual average value of the relevant components of the Group's net income over the financial years ended 30 June 2025, 2024 and 2023.

Risk Weighted Assets (continued)

OV1: Overview of RWA

The following table provides an overview of total RWA by risk types with further details on the key drivers of the movements in RWA provided on pages 15 to 16.

		RWA			Minimum capital requirements [1]
		30 Jun 26	31 Mar 26	31 Dec 25	30 Jun 26
		$M	$M	$M	$M
1	**Credit risk (excluding counterparty credit risk)**	**407,278**	399,355	394,405	32,583
2	Of which: standardised approach (SA)	**19,440**	19,274	19,138	1,555
3	Of which: foundation internal ratings-based (FIRB) approach [2]	**46,823**	43,745	42,077	3,746
4	Of which: supervisory slotting approach	**8,810**	8,166	8,200	705
5	Of which: advanced internal ratings-based (AIRB) approach [2 3]	**332,205**	328,170	324,990	26,577
6	**Counterparty credit risk (CCR)**	**7,580**	7,657	7,284	606
7	Of which: standardised approach for counterparty credit risk	**6,617**	6,825	6,579	529
9	Of which: other CCR	**963**	832	705	77
10	Credit valuation adjustment (CVA)	**3,517**	3,461	3,327	282
15	Settlement risk	**–**	2	7	–
16	**Securitisation exposures in banking book**	**4,328**	4,137	4,096	346
18	Of which: securitisation external ratings-based approach (SEC-ERBA)	**1,600**	1,531	1,527	128
19	Of which: securitisation standardised approach (SEC-SA)	**2,728**	2,606	2,569	218
20	**Market risk**	**7,004**	7,519	9,971	560
21	Of which: standardised approach (SA) [4]	**1,806**	1,645	1,397	144
22	Of which: internal model approach (IMA) [5]	**5,198**	5,874	8,574	416
	Interest rate risk in the banking book	**41,659**	44,366	35,179	3,333
24	**Operational risk**	**51,041**	51,041	51,041	4,083
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	**–**	–	–	–
26	Output floor applied (%)	**72.5**	72.5	72.5	n/a
27	Floor adjustment	**–**	–	–	n/a
29	**Total**	**522,407**	517,538	505,310	41,793

1 Minimum total capital requirement in accordance with APS 110 *Capital Adequacy* is 8% of RWA.
2 Includes an IPRE risk weight floor of $2.4 billion (31 March 2026: $2.6 billion; 31 December 2025: $2.9 billion).
3 Includes an $8.2 billion RWA overlay relating to the Australian Residential Mortgage PD model (31 March 2026: $8.1 billion; 31 December 2025: $8.0 billion).
4 Represents specific market risk RWA in relation to interest rate risk.
5 Includes internal model approach RWA in relation to VaR of $1.1 billion (31 March 2026: $1.3 billion; 31 December 2025: $1.6 billion) and SVaR of $4.1 billion (31 March 2026: $4.5 billion; 31 December 2025: $7.0 billion).

Risk Weighted Assets (continued)

Exposure at default (EAD) and credit RWA by approach

The table below provides an overview of EAD and credit RWA by asset class. Details on the key drivers of the movement in credit RWA are provided on page 16.

	30 June 2026					
	EAD post-CRM and post-CCF			RWA		
Asset Category	Credit Risk $M	Counterparty credit risk [1] $M	Total $M	Credit Risk $M	Counterparty credit risk [1] $M	Total $M
Subject to AIRB approach						
Corporate (incl. SME corporate) [2]	202,145	920	203,065	105,134	543	105,677
SME retail	20,567	4	20,571	12,796	3	12,799
Residential mortgage [3]	741,170	–	741,170	159,139	–	159,139
Qualifying revolving retail	23,059	–	23,059	5,351	–	5,351
Other retail	9,411	–	9,411	9,425	–	9,425
Total subject to AIRB approach	**996,352**	**924**	**997,276**	**291,845**	**546**	**292,391**
Subject to FIRB approach						
Corporate - large [2]	62,642	4,939	67,581	32,898	2,321	35,219
Sovereign	150,227	4,893	155,120	2,655	100	2,755
Financial institution	41,554	19,567	61,121	11,270	4,051	15,321
Total subject to FIRB approach	**254,423**	**29,399**	**283,822**	**46,823**	**6,472**	**53,295**
Specialised lending	**5,912**	**106**	**6,018**	**4,834**	**91**	**4,925**
Subject to standardised approach						
Corporate (incl. SME corporate)	1,020	8	1,028	991	9	1,000
SME retail	1,161	69	1,230	873	68	941
Sovereign	–	1	1	–	1	1
Residential mortgage	19,110	–	19,110	7,649	–	7,649
Other retail	328	–	328	330	–	330
Other assets [4]	13,615	3,353	16,968	6,175	182	6,357
Total subject to standardised approach	**35,234**	**3,431**	**38,665**	**16,018**	**260**	**16,278**
RBNZ regulated entities	**128,247**	**1,016**	**129,263**	**47,758**	**211**	**47,969**
Total credit risk and counterparty credit risk	**1,420,168**	**34,876**	**1,455,044**	**407,278**	**7,580**	**414,858**
Credit valuation adjustment (CVA)						**3,517**
Securitisation exposures in the banking book			**26,068**			**4,328**
Total			**1,481,112**			**422,703**

1 Includes central counterparties.
2 Includes an IPRE risk weight floor of $2.4 billion.
3 Includes an $8.2 billion RWA overlay relating to the Australian Residential Mortgage PD model.
4 Includes immaterial contributions from other standardised asset classes, including domestic public sector entities, commercial property, land acquisition, development and construction, and bank.

Risk Weighted Assets (continued)

Exposure at default (EAD) and credit RWA by approach (continued)

	31 December 2025					
	EAD post-CRM and post-CCF			RWA		
Asset Category	Credit Risk $M	Counterparty credit risk [1] $M	Total $M	Credit Risk $M	Counterparty credit risk [1] $M	Total $M
Subject to AIRB approach						
Corporate (incl. SME corporate) [2]	193,619	910	194,529	102,005	545	102,550
SME retail	20,167	4	20,171	11,581	2	11,583
Residential mortgage [3]	720,249	–	720,249	154,941	–	154,941
Qualifying revolving retail	22,929	–	22,929	5,233	–	5,233
Other retail	9,226	–	9,226	9,183	–	9,183
Total subject to AIRB approach	**966,190**	**914**	**967,104**	**282,943**	**547**	**283,490**
Subject to FIRB approach						
Corporate - large [2]	55,547	4,654	60,201	30,014	2,379	32,393
Sovereign	147,148	4,621	151,769	2,524	120	2,644
Financial institution	34,900	16,467	51,367	9,539	3,745	13,284
Total subject to FIRB approach	**237,595**	**25,742**	**263,337**	**42,077**	**6,244**	**48,321**
Specialised lending	**5,343**	**72**	**5,415**	**4,304**	**60**	**4,364**
Subject to standardised approach						
Corporate (incl. SME corporate)	659	1	660	659	1	660
SME retail	1,063	51	1,114	800	50	850
Sovereign	–	–	–	–	–	–
Residential mortgage	18,540	–	18,540	7,497	–	7,497
Other retail	321	–	321	322	–	322
Other assets [4]	18,209	4,188	22,397	6,224	184	6,408
Total subject to standardised approach	**38,792**	**4,240**	**43,032**	**15,502**	**235**	**15,737**
RBNZ regulated entities	**131,877**	**790**	**132,667**	**49,586**	**198**	**49,784**
Total credit risk and counterparty credit risk	**1,379,797**	**31,758**	**1,411,555**	**394,412**	**7,284**	**401,696**
Credit valuation adjustment (CVA)						**3,327**
Securitisation exposures in the banking book			**24,512**			**4,096**
Total			**1,436,067**			**409,119**

1 Includes central counterparties.
2 Includes an IPRE risk weight floor of $2.9 billion.
3 Includes an $8.0 billion RWA overlay relating to the Australian Residential Mortgage PD model.
4 Includes immaterial contributions from other standardised asset classes, including domestic public sector entities, commercial property, land acquisition, development and construction, and bank.

Risk Weighted Assets (continued)

CMS1: Comparison of modelled and standardised RWA at risk level

The Group is predominantly accredited to use its own internal models to determine the capital requirements for Credit Risk, Market Risk and IRRBB. APRA's ADI capital framework has been calibrated such that the capital requirements using the internal model methods tend to be lower than standardised capital requirements. This calibration has the policy objectives of encouraging investment by banks in advanced modelling capabilities and associated technology, data and specialist skills and enabling banks to more accurately allocate capital for risk.

The Group's total RWA is above the 72.5% minimum set by the BCBS and APRA as a safeguard so that that the capital benefit for advanced banks is not excessive and does not unfairly disadvantage standardised banks.

The following table provides details of the comparison of modelled and standardised RWA by risk type. Details on the key drivers of the movements in RWA are provided on pages 15 to 16.

		30 June 2026			
		RWA for modelled approaches that banks have supervisory approval to use	RWA for portfolios where standardised approaches are used	Total Actual RWA	RWA calculated using full standardised approach (ie used in the base of the output floor)
		$M	$M	$M	$M
1	Credit risk (excluding counterparty credit risk)	387,838	19,440	**407,278**	621,245
2	Counterparty credit risk	7,198	382	**7,580**	17,401
3	Credit valuation adjustment	n/a	3,517	**3,517**	3,517
4	Securitisation exposures in the banking book	–	4,328	**4,328**	4,328
5	Market risk	5,198	1,806	**7,004**	7,004
	Interest rate risk in banking book	41,659	–	**41,659**	–
6	Operational risk	n/a	51,041	**51,041**	51,041
7	Residual RWA	n/a	–	**–**	–
8	**Total**	**441,893**	**80,514**	**522,407**	**704,536**

		31 December 2025			
		RWA for modelled approaches that banks have supervisory approval to use	RWA for portfolios where standardised approaches are used	Total Actual RWA	RWA calculated using full standardised approach (ie used in the base of the output floor)
		$M	$M	$M	$M
1	Credit risk (excluding counterparty credit risk)	375,267	19,138	**394,405**	597,994
2	Counterparty credit risk	6,939	345	**7,284**	15,655
3	Credit valuation adjustment	n/a	3,327	**3,327**	3,327
4	Securitisation exposures in the banking book	–	4,096	**4,096**	4,096
5	Market risk	8,574	1,397	**9,971**	9,971
	Interest rate risk in banking book	35,179	–	**35,179**	–
6	Operational risk	n/a	51,041	**51,041**	51,041
7	Residual RWA	n/a	7	**7**	7
8	**Total**	**425,959**	**79,351**	**505,310**	**682,091**

The difference between internally modelled RWA and the associated full standardised approach RWA for credit risk is mainly driven by residential mortgage and corporate (including large and SME corporate) asset classes.

Risk Weighted Assets (continued)

CMS2: Comparison of modelled and standardised RWA for credit risk at asset class level

The table below provides details of the comparison of modelled and standardised credit RWA at asset class level. Details on the key drivers of the movements in credit RWA are provided on page 16.

		30 June 2026			
		RWA for modelled approaches that banks have supervisory approval to use	RWA if re-computed using the standardised approach	Total Actual RWA	RWA calculated using full standardised approach (ie used in the base of the output floor)
		$M	$M	$M	$M
1	Corporate (incl. Large and SME corporate)	138,032	219,772	139,023	220,763
2	Sovereign	2,655	4,042	2,655	4,042
3	Financial institution	11,270	25,346	11,270	25,346
4	SME retail	12,796	10,989	13,669	11,862
5	Residential mortgage	159,139	255,620	166,788	263,269
6	Qualifying revolving retail	5,351	11,300	5,351	11,300
7	Other retail	9,425	7,883	9,755	8,213
8	Specialised lending	4,834	6,731	4,834	6,731
9	Other assets [1]	–	–	6,175	6,175
10	RBNZ regulated entities	44,336	60,122	47,758	63,544
11	**Total**	**387,838**	**601,805**	**407,278**	**621,245**

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

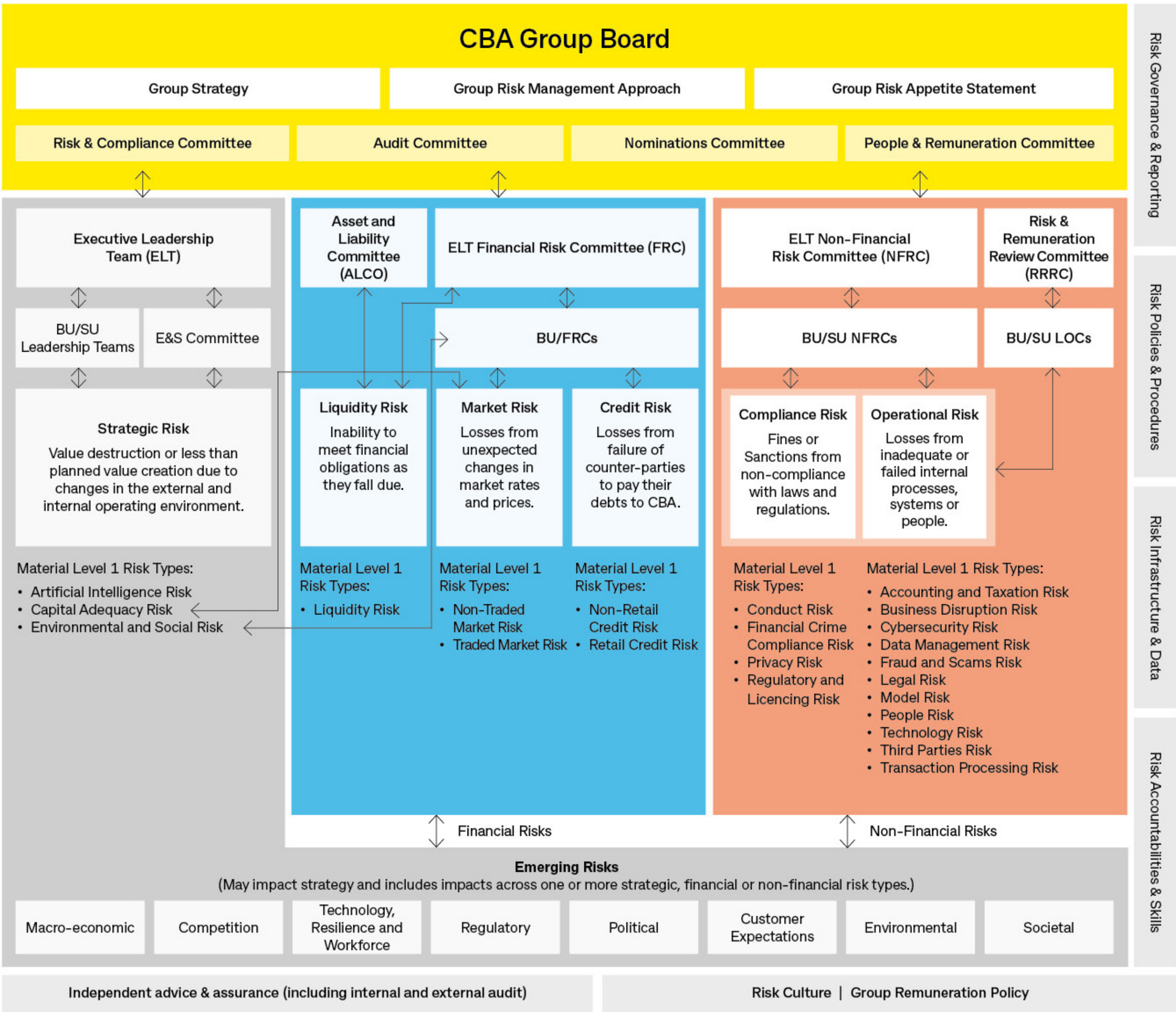
		31 December 2025			
		RWA for modelled approaches that banks have supervisory approval to use	RWA if re-computed using the standardised approach	Total Actual RWA	RWA calculated using full standardised approach (ie used in the base of the output floor)
		$M	$M	$M	$M
1	Corporate (incl. Large and SME corporate)	132,019	208,322	132,678	208,981
2	Sovereign	2,524	4,072	2,524	4,072
3	Financial institution	9,539	21,992	9,539	21,992
4	SME retail	11,581	10,576	12,381	11,376
5	Residential mortgage	154,941	247,544	162,438	255,041
6	Qualifying revolving retail	5,233	11,284	5,233	11,284
7	Other retail	9,183	7,719	9,505	8,041
8	Specialised lending	4,304	6,039	4,304	6,039
9	Other assets [1]	–	–	6,217	6,217
10	RBNZ regulated entities	45,943	61,308	49,586	64,951
11	**Total**	**375,267**	**578,856**	**394,405**	**597,994**

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

7 Risk Management

OVA: Bank risk management approach

The Group is exposed to financial, non-financial and strategic risks through its business activities and the internal and external environments in which it operates. The Group manages these risks through its Risk Management Framework (RMF). 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 Board is ultimately responsible for the Group RMF and for overseeing its operation. It is outlined in the Group Risk Management Approach (RMA) and sets out the Board and the Executive Leadership Team's (ELT) expectations regarding how we behave to identify, measure, monitor and respond to our risks. It incorporates:

- **the Group's Business Plan**, consisting of the Group Strategy and Group Financial Plan, which sets out the strategic priorities for the forthcoming financial year, including any key metrics to be tracked and assesses material risks associated with the implementation of the Group's strategic objectives;
- **the Group Risk Appetite Statement (RAS),** which 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

Risk Management Framework (continued)

- **The Group Risk Management Approach (RMA)** sets out the Group's approach to managing risk and the key elements, including the RMF, the RAS and the Three Lines of Accountability (3LoA) model, that give effect to this approach.

The Group Risk Management Approach (RMA) It is reviewed annually by the Board, with the last review undertaken in December 2025. As required by APRA's Prudential Standard CPS 220 Risk Management, the Board:

- sets the Business Plan, the RAS and the RMA and oversees the development of policies and procedures aligned to these, to deliver clearly defined and documented roles, responsibilities, and formal reporting structures for the management of material risks;
- maintains an RMF that is appropriate for the size, business mix and complexity of the Group, and oversees its operation by management;
- oversees a comprehensive review of the RMF by operationally independent persons at least every three years, and by Group Audit & Assurance (GA&A) in alternate years;
- receives regular management reporting to monitor that material risks are managed within approved appetite;
- forms a view on the risk culture of the Group and oversees relevant improvement action plans; and
- delivers an annual Risk Management Declaration (RMD) to APRA that the RMF is appropriately and adequately designed and operating effectively in all material respects or otherwise qualifies the RMD with steps to remedy these key matters.

The RMF is underpinned by four Risk Framework Enablers that allow us to effectively identify, measure, monitor, and respond to our risks.

Risk Governance and Reporting

The Board has ultimate responsibility for the Group's risk governance. The Board Risk and Compliance Committee oversees the RMF and helps formulate the Group's risk appetite for consideration by the Board. The Committee is also responsible for:

- the governance of risks impacting the Group;
- the design, implementation and operation of the RMF and the Group RMA;
- monitoring the risk appetite and assessing the overall risk profile of the Group within the material risk types;
- monitoring the effectiveness of the compliance management framework impacting the material risk types; and
- risk culture and behaviours.

At management level, risk governance is undertaken by a structured hierarchy of personal delegations, management committees and forums across the Group and within the Business Units (BUs) and Support Units (SUs).

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 Board Risk and Compliance Committee, although select matters are reported directly to the Board as required. Controls reporting is provided to the Board Audit Committee. The Chairs of the Board Risk and Compliance and Audit Committees report to the Board following each Committee meeting.

Risk policies and procedures

Risk Policies, Standards and Procedures outline the principles and practices to be used in identifying and assessing material risk types and regulatory obligations, translating appetite into our daily business activities.

Risk infrastructure and data

The Risk Framework is supported by systems and processes that together provide the infrastructure for the management of the Group's material risk types:

- **Risk processes** to identify, assess, escalate, monitor and manage risks, issues and incidents;
- **Management Information Systems** to measure and aggregate risks across the Group; and
- **Data, risk models and tools**.

Stress Testing

Use of stress testing in risk management

Stress testing is a key business and risk management tool used by the Group to understand, quantify and manage the Group's risks. Stress testing is applied across the organisation and is used to support:

- **Strategic assessment:** Stress testing is used to inform material business decisions, including strategic planning, business planning and portfolio management decisions.
- **Risk exploration and identification**: Stress testing is used in the Group's risk identification and assessment processes. This includes identifying material and emerging risks, vulnerabilities and other factors that may affect the Group's resilience and assessing the potential impact on the Group's risk profile under a range of adverse conditions and scenarios.
- **Capital and liquidity adequacy:** Stress testing is used to assess and manage the Group's capital and liquidity adequacy frameworks. This includes informing capital and liquidity targets, minimums and trigger levels. It is also used to develop and test capital and liquidity management strategy and policies, including identifying weaknesses, potential constraints and shortfalls. This assessment is incorporated in the Group's ICAAP. It is also used to test the effectiveness of mitigation strategies, including actions in the Contingency Funding Plan and Recovery and Exit Plan.
- **Risk appetite and management:** Stress testing is used to assess the Group's risk appetite and management of risk. This is assessed through identification of events or a combination of events that may result in extraordinary losses or gains or make the control of risk difficult at the Group and portfolio levels; undertaking reverse stress testing to explore scenarios and risks that could lead to extreme outcomes for the Group; and calibrating the Board's risk appetite and limits against outcomes from these stress tests.

Risk Management Framework (continued)

Over the past financial year, the Group conducted a program of Group-wide internal stress tests. The concluding results of these stress tests were used to inform the Group's capital adequacy and sustainability of the Group's dividend and operating performance. Underlying conclusions from these exercises will be included in the Group's 2026 ICAAP. This program includes a Group-wide reverse stress test to test the effectiveness of the Recovery and Exit Plan.

The Group also conducts ad-hoc stress tests, along with targeted portfolio or risk-specific stress tests across credit risk portfolios, market risk (including IRRBB) and operational risk scenario analysis.

Methodology and scenarios adopted

The Group undertakes a regular programme of stress testing annually, including internal stress tests and regulatory exercises. These stress tests assess the Group's balance sheet resilience from the impact of macroeconomic scenarios with varying levels of severity, consideration for systemic and idiosyncratic shocks and a range of risks.

Stress testing methodologies and modelling links macroeconomic scenarios to key drivers for each risk and business area. Material assumptions, including expert judgement support are documented and justified. The stress testing process utilises the Group's lines of business, independent Line 2 reviewers and various subject matter experts across different risks and products to provide input, review and challenge of stress results, assumptions and methodologies.

Governance

To enable the accuracy and plausibility of the stress test process and results, comprehensive review and challenge is undertaken for each stress test. This features senior stakeholder engagement through key business areas, the Asset and Liability Committee and Stress Testing Steering Committee. Additionally, the Board provides oversight of the design, execution and results of the Group's stress tests.

Risk Accountabilities and Skills

The Three Lines of Accountability (3LoA) model organises our risk accountabilities 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 material risk type including design of policies, mitigation strategies and the capabilities needed to manage the Material Risk Type.

The effective management of our Material Risk Types 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:

- **Accountability Ecosystem** comprising frameworks that clarify roles and responsibilities, govern decision making and conduct, apply consequences for good and poor outcomes (individually and collectively), and foster a culture that enables and promotes accountability;
- **Communication of the RAS and RMA to all employees** following approval by the Board;
- **Performance and remuneration frameworks** which form part of the Accountability Ecosystem are designed to hold employees individually and collectively responsible for managing role related risks and encouraging behaviour that aligns with the Group's values, performance management framework and Code of Conduct. Each year employees complete a risk assessment as part of the annual performance review to determine their performance against the risk accountabilities of their role;
- **The Protecting Our Customers Group Mandatory Learning Module** provides foundational knowledge of the RMF and RMA for all Group employees;
- **Risk Management Capability Framework** provides the education, experience and exposure to build risk skills and judgement effectively within the Group; and
- **'Getting Started with the Group'** and ongoing learning supports employees in gaining the knowledge, skills and behaviours required to work effectively across the Group.

Risk Culture and conduct risk

Our risk culture reflects the beliefs and behaviours by people within the Group that determine how risks are identified, measured, monitored and responded to. These behaviours, which guide decision making and good risk management, are embodied in our values and leadership principles, ensuring that our actions align with our core beliefs. The Group's risk culture framework aims to sustain and improve our risk culture through an annual Board risk culture assessment, where the Board and senior management form a view of the Bank's risk culture. This is supported by the Group risk culture response plan, which addresses organisational focus areas and is further reinforced by business unit risk culture self-reflections that drive improvement at local levels.

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.

Material Risk Types

Description	Governing Policies and Committees	Key controls and risk mitigation strategies
Credit Risk (Section 8)		
Credit risk is the potential for loss arising from the failure of a counterparty to meet their contractual obligations to the Group. The Group is primarily exposed to credit risk through: **Retail Credit Risk** • Residential mortgage lending; and • Unsecured retail lending; **Non-Retail Credit Risk** • Commercial lending; and • Large corporate (institutional) lending and markets exposures.	**Governing Policies:** • Group Credit Risk Framework • Group Credit Risk Policy • Group Loan Loss Provisioning Framework • Group and BU Credit Risk Standards **Key Management Committees:** • Financial Risk Committee (FRC) • BU Financial Risk Committees • Loan Loss Provisioning Committee	• Defined credit risk indicators set in the Group RAS; • Transacting with counterparties that demonstrate the ability and willingness to service their obligations through performance of due diligence and appropriate credit quality assessments; • Applications assessed by credit decisioning models, with more complex or higher risk applications referred to credit authority holders who exercise expert judgement; • Incorporating Environmental and Social risk considerations as part of the counterparty credit risk assessment process; • Taking collateral where appropriate; • Pricing appropriately for the risks we are taking; • Credit concentration frameworks that set exposure limits to counterparties, groups of related counterparties, industry sectors and countries; • Regular monitoring of credit quality, concentrations, arrears, policy exceptions and policy breaches; • Working with impaired counterparties, or those in danger of becoming so, to help them rehabilitate their financial positions; • Holding adequate provisions for defaulted and high-risk counterparties and exposures; and • Stress testing, both at a counterparty and portfolio level.

Material Risk Types (continued)

Description	Governing Policies and Committees	Key controls and risk mitigation strategies
Market Risk (Section 11)		
Market risk is the potential for adverse impact on profitability and/or net worth of the Group from changes in market rates or prices. This is defined as changes in interest rates, foreign exchange, equity prices, commodity prices, credit spreads, inflation rates, and the resale value of assets under residual value guarantees. The Group is primarily exposed to market risk through: **Traded Market Risk;** **Non-Traded Market Risk:** • Interest Rate Risk in the Banking Book (IRRBB); • Lease Residual Value Risk; • Structural Foreign Exchange Risk; and • Non-traded Equity Risk.	**Governing Policies:** • Group Market Risk Policy • Group Traded Market Risk Standard **Key Management Committees:** • Financial Risk Committee • IB&M Financial Risk Committee (oversight of Traded Market Risk) • Asset and Liability Committee (ALCO) (oversight of Non-Traded Market Risk, including IRRBB) • Market Risk Committee	• Defined market risk indicators set in the Group RAS; • Activity is concentrated in client facing portfolios with non-client facing management activity used to support broader business objectives, governed by trading delegations; • Conservative Market Risk limits with granular concentration limits at a position level including currency/index, tenor and product type; • Pricing appropriately for risk and market depth; • Back-testing of Value at Risk models against hypothetical profit and loss; • Daily monitoring and attribution of traded market risk exposures including risk sensitivities, Value at Risk and stress testing; • Daily monitoring of Value at Risk and stress test measures including for derivative valuation adjustments (XVAs); • Identification, quantification and monitoring of risk factors not included in internal models; • Monthly monitoring of Residual Value Risk exposures versus limits; • Managing the Balance Sheet with a view to balancing Net Interest Income (NII), profit volatility and Market Value; • Regular monitoring of IRRBB market risk exposures against limits including risk sensitivities, credit spread risk, market value sensitivity, Net Interest Earnings at Risk and stress testing and any risks not in model (RNIM); • Appropriate transfer pricing for interest rate risk; • Regular monitoring of Structural Foreign Exchange Risk versus limits; and • Regular monitoring of Group Super Defined Benefit Fund net asset position.

Material Risk Types (continued)

Description	Governing Policies and Committees	Key controls and risk mitigation strategies
Liquidity Risk (Section 13)		
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). The Group is exposed to liquidity risk through: • Funding Liquidity Risk; and • Market Liquidity Risk.	**Governing Policy:** • Group Liquidity Policy **Key Management Committees:** • Asset and Liability Committee • Stress Testing Steering Committee	• Defined liquidity Risk Appetite metrics and Risk Indicators in the Group RAS, with reference to severe yet plausible and moderate stress testing; • The Annual Funding Strategy (the Group's wholesale funding strategy over the next three years); • Maintaining a diverse yet stable pool of potential funding sources across different currencies, geographies and products; • Maintaining sufficient liquidity buffers to withstand periods of disruption in wholesale funding markets and unanticipated changes in the balance sheet funding gap; • Managing the portion of wholesale funding sourced from offshore; • Conservatively managing the mismatch between asset and liability maturities; • Maintaining a conservative mix of readily saleable or repo-eligible liquid assets; • Daily monitoring of liquidity risk exposures, including Liquidity Coverage Ratios and Net Stable Funding Ratios; • Moderate and severe market and idiosyncratic stress test scenarios; and • The Contingent Funding Plan provides strategies for addressing liquidity shortfalls in a crisis situation.

Material Risk Types (continued)

Description	Governing Policies and Committees	Key controls and risk mitigation strategies
Operational Risk (Section 12)		
Operational risk is the risk of losses from inadequate or failed internal processes, systems or people, or from external events. The Group is exposed to operational risk primarily through: • Accounting and Taxation Risk; • Business Disruption Risk; • Cybersecurity Risk; • Data Management Risk; • Fraud and Scams Risk (external and internal); • Legal Risk; • Model Risk; • People Risk (employment practices and workplace safety); • Technology Risk (disruptions from hardware or software failures); • Third Parties Risk; and • Transaction Processing Risk.	**Governing Policies:** • Operational Risk Management Framework (ORMF) • Group Information Security (IS) Policy • Group Data Management Policy • Group Fraud and Scams Management Policy • Group Whistleblower Policy • Group Model Risk Policy • Group Business Continuity Management Policy • Group Protective Security Policy • Group IT Service Management Policy • Group Service Provider Policy • Group Supplier Lifecycle Policy • Group Product Development and Distribution Policy • Group Conflicts Management Policy • Legal Services Policy • Group External Financial Reporting Policy • Group Tax Policy • Group Records Management Policy **Key Management Committees:** • ELT Non-Financial Risk Committee (NFRC) • BU/SU Non-Financial Risk Committees • ELT Financial Risk Committee (FRC) • Model Risk Governance Committee (MRGC) • Supplier Governance Council • Technology Controls Council	• Defined operational risk indicators in the Group RAS; • Implementation of manual and automated controls to prevent, detect and mitigate the specific operational risks that the Group is exposed to; • Regular Risk and Control Self-Assessment (RCSA) to assess key risks and controls for a BU/SU; • Routine Controls Assessment Program (CAP) tests to assess whether controls are designed and operating effectively to maintain risk exposures within acceptable levels; • 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; • Issue Management process to identify, assess, record, report and manage weaknesses or gaps in controls; • Change Management Risk process to effectively understand and manage the risks from changes to the business through projects or initiatives; • Establishment of Key Risk Indicators (KRIs) to monitor movements in risk exposures over time; • Assurance undertaken by Line 2 Risk teams to assess that operational risks are appropriately identified and managed across the Group; • Risk Steward Guidance provided on key controls and routine Risk Steward monitoring of RAS and risk reporting; and • Independent validation of models prior to implementation and upon material change, and periodic validation and Fit-For-Purpose reviews post-model implementation.

Material Risk Types (continued)

Description	Governing Policies and Committees	Key controls and risk mitigation strategies
Compliance Risk		
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. The Group is exposed to compliance risk primarily through: • Laws, regulations, rules, licence conditions, and statements of regulatory policy; • Privacy laws and regulations regarding management of the personal or credit information of individuals, or the consumer data right (CDR) data of CDR consumers; • Financial crime (regulation relating to Anti Money Laundering (AML), Counter Terrorism Financing (CTF), Anti-Bribery and Corruption, Anti-Tax Evasion Facilitation and Sanctions); and • Poor conduct (product design and distribution, market conduct, anti-competitive practices; and financial hardship and debt collection).	**Governing Policies:** • Group Compliance Management Framework (CMF) and policies • Joint AML/CTF Group Program • Anti-Bribery and Corruption Policy • Anti-Tax Evasion Facilitation Policy • Group Sanctions Policy • Code of Conduct • Group Privacy Policy • Product Development and Distribution Policy • Group Prevention of Anti-Competitive Practices Policy • Group Consumer Protection Policy • Group Customer Complaint Management Policy • Group Customer Remediation Projects Policy • Group Personal Trading Policy • Group Conflicts Management Policy **Key Management Committees:** • Executive Financial Crime Risk Committee • Financial Crime Risk Committee • Group/BU/SU NFRCs • Product Governance forums	**Regulatory and Licencing Risk (R&L) and Privacy Risk** • Compliance, including R&L and Privacy Risk Indicators in the Group RAS; • Mandatory online Compliance and Privacy training for all employees; • Regulatory change management to establish compliant business practices; • Maintenance of Obligation Registers; • R&L and Privacy Risk profiling through the Risk and Control Self-Assessment Process; • Group wide minimum standards in key areas; • Co-operative and transparent relationships with regulators; and • Board and management governance and reporting. **Financial Crime Compliance** • Compliance, including the Group's Joint AML/CTF Program; • FCC Risk Indicators in the Group RAS; • Pre-employment due diligence on the Group's employees and enhanced screening for high-risk roles; • 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; • Customer on-boarding processes to meet AML/CTF identification and screening requirements; • Ongoing customer due diligence to maintain accurate customer information; • Risk assessments on our customers, products and channels to understand money laundering and terrorism financing risks; • Enhanced customer due diligence on higher risk customers; • Monitoring customer payments, trade and transactions to manage the AML/CTF and sanctions risks identified; • Undertake statutory reporting requirements including International Value Transfer Services, Threshold Transaction Reports and Suspicious Matter Reports and annual compliance reports; • 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

Risk Management (continued)

Material Risk Types (continued)

Description	Governing Policies and Committees	Key controls and risk mitigation strategies
Compliance Risk (continued)		
		• 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. **Conduct Risk** • Code of Conduct, supported by mandatory training for all staff; • Ongoing Conduct Risk profiling, including use of the Conduct Risk Steward Guides and controls taxonomy to manage and address Conduct Risks; • Measurement and governance of Conduct Risk exposures through RAS metrics and NFRC, Board reporting; • Assurance and monitoring to better identify Conduct Risk exposures and control weaknesses; • Enhancement of Code of Conduct related policies with changes in understanding of conduct obligations and expectations; and • Consistently applying the Code of Conduct and asking ‘Must We?’, ’Can We?’ and ‘Should We?’ to deliver the right outcome for our customers.

Risk Management (continued)

Material Risk Types (continued)

Description	Governing Policies and Committees	Key controls and risk mitigation strategies
Strategic Risk		
Strategic risk is the risk of material stakeholder value destruction or less than planned value creation due to changes in the Group's external and internal operating environments. Most often, the operating environment changes or events that are material enough to affect our strategy, arise from, or can have an impact across, one or more of the other financial, non-financial or specific strategic sub-risk types below. This Strategic Risk type also includes a number of sub-risk types that: • primarily support or drive strategic decisions that could impact our profitability or business model assumptions; • are impacted by, or drive decisions resulting in impacts across other risk types; and • are managed more routinely through their own dedicated governance, policies and procedures, infrastructure and teams. These risks include: • **Capital Adequacy Risk:** Inability to capitalise on strategic opportunities or withstand extreme events due to insufficient or inefficient use of capital; • **Environmental and Social (E&S) Risk:** The risk of adverse impacts on the environment and society from the Group's activities; or adverse impacts to the Group's franchise value, business model and profitability from not appropriately responding to existing and changing environmental and social issues; and • **Artificial Intelligence (AI) Risk:** The risk of failing to execute on strategy or loss of competitive advantage due to failure to deliver AI systems responsibly and/or in a timely manner.	**Governing Policies:** • Group Strategic Risk Management Policy • Group Capital Policy • Capital Management of Subsidiaries and Branches Policy • Group Stress Testing Policy • Risk-adjusted Performance Measurement Policy • Group Remuneration Policy • Group Diversity, Equity and Inclusion Policy • Group Environmental and Social Policy • Group Continuous Disclosure Policy • Group Public Disclosure of Prudential Information Policy • Group External Communication and Engagement Policy • Group Publicly Issued Documents and Marketing Materials Policy • Group Artificial Intelligence Policy **Key Management Committees:** • Executive Leadership Team • ELT Environmental and Social Committee • Asset and Liability Committee (ALCO) • Non-Financial Risk Committee (NFRC) • ELT Risk and Remuneration Review Committee (RRRC) • Stress Testing Steering Committee • AI Risk Committee	**Strategic Risk Management Policy** The Group assesses, monitors, reports and responds to Strategic Risk throughout its processes of: • Strategy development, approval and review; • Planning and resource allocation; • Development of the Group Business Plan; • Monitoring changes and identifying potential changes to the operating environment; and • Monitoring execution progress of strategies. **Capital Adequacy Risk** • Capital advice for projects and funding deals; • Dividend decision and management processes; • Capital monitoring, reporting and forecasting; • Internal Capital Adequacy Assessment Process (ICAAP); • Group, portfolio and risk type stress testing; and • Ratings agency interactions. **Environmental and Social Risk** • Defined E&S Risk Indicators in the Group RAS; • Financed emissions targets and goals for priority sectors; • Scenario analyses and stress testing to understand the physical and transition risks of climate change; • E&S Risk embedded in the Group and BUs/SUs business profiles; • Client and supplier E&S due diligence process; • Development of new pilot products and services that support reduced emissions; • Environmental, Social and Governance (ESG) lending tool applied to certain lending decisions; • Corporate Responsibility programs; and • Supplier Code of Conduct for adherence to CBA's E&S standards. **Artificial Intelligence Risk** • Defined AI risk indicators in the Group RAS; • The Group AI Policy that sets out the Group's approach to managing the design, development and deployment of AI Systems; • The Group Artificial Intelligence Standard supports appropriate consideration of Guiding Principles and consolidates requirements across intersecting policy suites for the management of AI Systems; • AI talent, capability and skills development; • Strategic partnership for AI; • Guidance, Playbooks and Toolkits for AI (e.g. BU/SU AI Governance guidance, AI Issues and Incidents guidance, Responsible AI and Responsible Generative AI Toolkits, Generative AI Playbooks, etc); and • Oversight of AI use cases, Issues, Incidents, and controls is managed by their respective BU/SU NFRCs.

8 Credit Risk

CRA: General qualitative information about credit risk

Credit risk is the potential for 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 the Group and Business Unit level. The key credit risk related functions support the overall risk management responsibilities of the Board Risk & Compliance Committee and senior management as discussed in section 7 *Risk Management* of this document.

Effective credit risk management is embedded in the Group's day-to-day business activities through the application of the following key elements:

- Credit Risk Management Framework with associated policies, standards, resources and processes; and
- Credit Risk Rating and Measurement (pages 54-58).

Credit Risk Management Framework

The Board Risk & Compliance Committee oversees the Group's approach to credit risk management which is implemented via the Group Credit Risk Framework. The Group Credit Risk Framework is approved annually by the ELT 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 monitoring of key credit risk indicators at portfolio level as well as established policies that include limits for the key dimensions of the credit portfolio for:

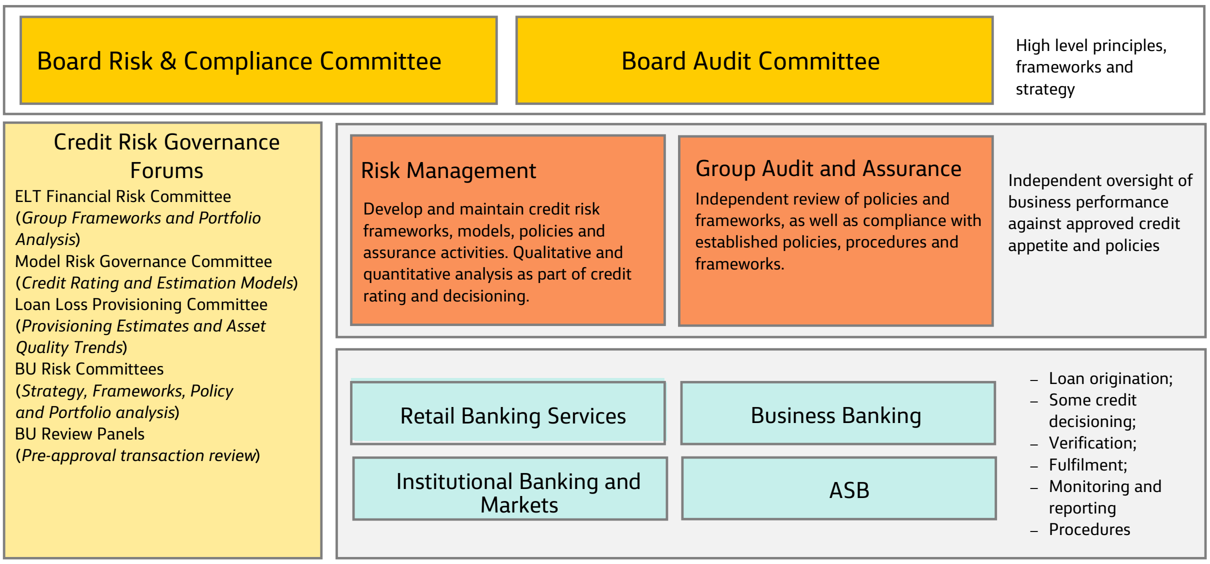
- individual borrowers, or groups of related borrowers;
- industry sectors; and
- geography (e.g. country risk).

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

Credit risk reporting covers whole of life credit risk management activities. Reporting and monitoring occurs within Business Units and escalates to ELT Financial Risk Committee and Board for Retail and Non-Retail portfolios. Regular reporting includes credit portfolio growth, portfolio composition, credit quality of new acquisition and stock portfolios, watch list, arrears and non-performing exposures, monitoring of Credit Risk RAS outcomes, stress testing of Group or Business Unit credit portfolios and thematic and more detailed reviews of industry sectors, products and geographic portfolios.

Operationally independent credit assurance and hindsight activities are conducted across the Group's credit portfolio within Business Units, Risk Management and Group Audit. These activities include reviews of credit portfolios and assessment of compliance with applicable credit policies, standards and frameworks. The findings from these activities are reported to Business Unit Risk Committees, the ELT Financial Risk Committee (FRC) and the Board Risk & Compliance Committee as appropriate. In addition, 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 quality, non-performing exposures and provisions

CRB: Additional disclosure related to the credit quality of assets

The Group applies the requirements of APS 220 *Credit Risk Management* (APS 220) and the Group Credit Standard - *Troublesome and Non-Performing Exposures* to the classification and management of non-performing credit exposures, and to the broader management, monitoring and reporting of credit risk across the Group. The regulatory definitions of non-performing, past-due and restructured exposures, as set out in APS 220 and the Group Credit Standard - *Troublesome and Non-Performing Exposures* are provided below.

Non-performing exposures

A non-performing credit exposure is an exposure that is in default. Default is considered to have occurred with regards to a particular borrower or counterparty when either:

- they are 90 calendar days or more past-due on a credit obligation to the Group; and/or
- the Group considers they are unlikely to pay their credit obligations to the Group in full, without recourse by the Group to actions such as realising available security.

A credit exposure that has been classified as non-performing may be reclassified to performing when all of the following criteria are met:

- the borrower or counterparty does not have any credit exposure 90 days or more past-due;
- the borrower's or counterparty's situation has improved so that full repayment of the credit exposure is likely;
- repayments have been made when due over a continuous repayment period of at least 90 calendar days, or at least six months for restructured exposures; and
- no individually assessed provision is held.

Past-due exposures

A credit exposure is considered past-due from the first day of a missed payment and includes any amount due under the contract (including principal, interest, fees or any other amount). A credit exposure subject to a regular repayment schedule is considered 90 days past-due when:

- at least 90 calendar days have elapsed since the due date of a contractual payment which has not been met in full; and
- the total amount unpaid outside contractual arrangements is equivalent to at least 90 days' worth of contractual payments.

Restructured exposures

Restructured exposures occur where the Group grants a borrower or counterparty concessions due to financial difficulty which would not usually be offered to borrowers or counterparties in good standing under normal market conditions. Restructures may be granted where the Group is satisfied that the modified terms can be met. Examples of relevant concessions include (but are not limited to) extending loan terms; rescheduling principal or interest; forgiving, deferring or postponing principal, interest or fees; or capitalising arrears.

Restructures may be classified as performing or non-performing. A performing restructure occurs when a borrower or counterparty does not meet the definition of a non-performing exposure (including that it would not have been treated as non-performing at the time of restructure had the restructure not been granted) and the restructured terms are commercial in nature and would be provided in the ordinary course of business. If a restructure is applied to a non-performing exposure, it continues to be classified as non-performing until it meets the requirements for reclassification to performing status.

Accounting provisions for credit losses

APS 220 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 capital to the extent the amount of regulatory expected losses is in excess of APRA defined eligible provisions.

The Group assesses and measures credit losses in accordance with AASB 9 *Financial Instruments* (AASB 9).

The AASB 9 expected credit loss (ECL) model applies to all financial assets measured at amortised cost, debt securities measured at fair value through other comprehensive income, finance lease receivables, loan commitments and financial guarantee contracts not measured at fair value through profit or loss. The model uses a three-stage approach to recognition of expected credit losses. Financial assets migrate through these stages based on changes in credit risk since origination:

- **Stage 1 – 12 months ECL – Performing loans**

  At origination, an impairment provision equivalent to 12 months ECL is recognised. 12 months ECL includes credit losses expected to arise from defaults occurring over the next 12 months. The definition of default used in ECL models is consistent with the regulatory definition in APS 220 and the Group Credit Standard - *Troublesome and Non-Performing Exposures*.

- **Stage 2 – Lifetime ECL – Performing loans that have experienced a significant increase in credit risk (SICR)**

  Financial assets that have experienced a SICR since origination are transferred to Stage 2 and an impairment provision equivalent to lifetime ECL is recognised. Lifetime ECL includes 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.

8.1 Credit quality, non-performing exposures and provisions (continued)

CRB: Additional disclosure related to the credit quality of assets (continued)

- **Stage 3 – Lifetime ECL – Non-performing loans**
  Financial assets in default, including assets restructured due to a borrower's financial difficulty or hardship, are transferred to Stage 3 and an impairment provision equivalent to lifetime ECL is recognised.

ECL is an unbiased and 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.

Credit losses for financial assets in Stage 1 and Stage 2 are assessed for impairment collectively, while those in Stage 3 are subjected to either collective or individual assessment of ECL.

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

Collective provisions

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 Commercial Real Estate (CRE) Risk Rated model, Corporate Non-CRE 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 forward-looking economic scenarios. This is distinct from the long-run and downturn estimates used for the calculation of regulatory expected losses.

Individually Assessed Provisions

Defaulted secured retail exposures and defaulted non-retail exposures are assessed for impairment through an Individually Assessed Provisions (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.

For the standardised capital approach, collective provisions on performing exposures are categorised as general provisions. Specific provision balances include accounting collective provisions on non-performing exposures in addition to IAP.

Refer to Note 3.2 of the Group's 2026 Financial Report for further details on the Group's ECL impairment models.

8.1 Credit quality, non-performing exposures and provisions (continued)

CR1: Credit quality of assets

The table below provides an overview of the credit quality of the Group's lending assets and debt securities.

30 June 2026

		Gross carrying values of			Of which ECL accounting provisions for credit losses on SA exposures			
		Non-performing exposures $M	Performing exposures $M	Allowances / impairments $M	Allocated in regulatory category of Specific $M	Allocated in regulatory category of General $M	Of which ECL accounting provisions for credit losses on IRB exposures $M	Net values $M
1	Loans	10,888	1,050,604	6,057	76	118	5,863	1,055,435
2	Debt securities	–	116,824	12	–	3	9	116,812
3	Off-balance sheet exposures	206	238,694	406	1	16	389	238,494
4	**Total**	**11,094**	**1,406,122**	**6,475**	**77**	**137**	**6,261**	**1,410,741**

31 December 2025

		Gross carrying values of			Of which ECL accounting provisions for credit losses on SA exposures			
		Non-performing exposures $M	Performing exposures $M	Allowances / impairments $M	Allocated in regulatory category of Specific $M	Allocated in regulatory category of General $M	Of which ECL accounting provisions for credit losses on IRB exposures $M	Net values $M
1	Loans	10,199	1,013,603	6,002	91	113	5,798	1,017,800
2	Debt securities	–	109,148	8	–	3	5	109,140
3	Off-balance sheet exposures	251	234,507	323	1	17	305	234,435
4	**Total**	**10,450**	**1,357,258**	**6,333**	**92**	**133**	**6,108**	**1,361,375**

8.1 Credit quality, non-performing exposures and provisions (continued)

CR2: Changes in stock of non-performing loans and debt securities

The table below shows changes in gross carrying amount of non-performing loans, debt securities and off-balance sheet instruments during the half year ended 30 June 2026.

	Movement in non-performing loans, debt securities and off-balance sheet exposures	For the half year ended 30 Jun 26 $M	31 Dec 25 $M
1	Non-performing loans, debt securities and off-balance sheet exposures at end of the previous reporting period	**10,450**	**10,979**
2	Loans, debt securities and off-balance sheet exposures that became non-performing since the last reporting period	3,978	3,572
3	Returned to performing status	(1,812)	(2,056)
4	Amounts written off	(445)	(415)
5	Other changes	(1,077)	(1,630)
6	**Non-performing loans, debt securities and off-balance sheet exposures at end of the reporting period**	**11,094**	**10,450**

Non-performing exposures increased $0.6 billion or 6% on the prior half to $11.1 billion, mainly driven by higher arrears in the well-secured home lending portfolio.

Credit Risk (continued)

8.1 Credit quality, non-performing exposures and provisions (continued)

CRB(e)(i): Credit exposures by portfolio type and geographic distribution

The following tables provide supplementary breakdown of exposures by geographical areas. The tables exclude derivative and SFTs exposures subject to counterparty credit risk requirements, equity and securitisation exposures.

	30 June 2026			
	Australia	New Zealand	Other	Total
Portfolio Type	$M	$M	$M	$M
Corporate (incl. Large and SME corporate)	252,848	2,986	9,973	**265,807**
Sovereign	116,964	480	32,783	**150,227**
Financial institution	24,192	30	17,332	**41,554**
SME retail [1]	21,726	–	2	**21,728**
Residential mortgage	760,242	–	38	**760,280**
Qualifying revolving retail	23,059	–	–	**23,059**
Other retail	9,739	–	–	**9,739**
Specialised lending	2,957	–	2,955	**5,912**
Other assets [2]	13,198	9	408	**13,615**
RBNZ regulated entities	–	128,247	–	**128,247**
Total credit exposures [3]	**1,224,925**	**131,752**	**63,491**	**1,420,168**

1 Including SME retail secured by residential property.
2 Includes immaterial contributions from other standardised asset classes, including Domestic public sector entities, Commercial property, Land acquisition, development and construction, and Bank.
3 Geographical segmentation of exposures is based on the location of the office in which these items were booked.

	31 December 2025			
	Australia	New Zealand	Other	Total
Portfolio Type	$M	$M	$M	$M
Corporate (incl. Large and SME corporate)	236,441	3,474	9,910	**249,825**
Sovereign	112,794	473	33,881	**147,148**
Financial institution	19,836	10	15,054	**34,900**
SME retail [1]	21,225	–	5	**21,230**
Residential mortgage	738,745	–	44	**738,789**
Qualifying revolving retail	22,929	–	–	**22,929**
Other retail	9,547	–	–	**9,547**
Specialised lending	2,494	–	2,849	**5,343**
Other assets [2]	17,961	12	236	**18,209**
RBNZ regulated entities	–	131,877	–	**131,877**
Total credit exposures [3]	**1,181,972**	**135,846**	**61,979**	**1,379,797**

1 Including SME retail secured by residential property.
2 Includes immaterial contributions from other standardised asset classes, including Domestic public sector entities, Commercial property, Land acquisition, development and construction, and Bank.
3 Geographical segmentation of exposures is based on the location of the office in which these items were booked.

Total credit exposures increased by $40.4 billion or 3% on the prior half to $1,420.2 billion primarily driven by volume growth across commercial portfolios and domestic residential mortgages.

8.1 Credit quality, non-performing exposures and provisions (continued)

CRB(e)(ii): Credit exposures by portfolio type and industry sector

The following tables provide supplementary breakdown of exposures by industry sector. The tables exclude derivative and SFTs exposures subject to counterparty credit risk requirements, equity and securitisation exposures.

	30 June 2026							
	Industry Sector							
Portfolio Type	Consumer $M	Finance & Insurance $M	Business Services $M	Agriculture & Forestry $M	Construction $M	Mining, Oil & Gas $M	Wholesale & Retail Trade $M	Transport & Storage $M
Corporate (incl. Large and SME corporate)	–	2,181	13,732	22,915	8,308	3,986	26,050	20,272
Sovereign	–	–	–	–	–	–	–	–
Financial institution	–	41,554	–	–	–	–	–	–
SME retail [1]	–	408	2,206	1,419	3,269	123	2,980	1,351
Residential mortgage	760,280	–	–	–	–	–	–	–
Qualifying revolving retail	23,059	–	–	–	–	–	–	–
Other retail	9,739	–	–	–	–	–	–	–
Specialised lending	–	–	–	2	–	–	471	640
Other assets [2]	2,722	21	26	51	22	4	50	43
RBNZ regulated entities	79,282	2,330	1,711	10,564	1,179	22	3,428	906
Total credit exposures	**875,082**	**46,494**	**17,675**	**34,951**	**12,778**	**4,135**	**32,979**	**23,212**

	Industry Sector (continued)							
Portfolio Type	Manufacturing $M	Commercial Property [3] $M	Government Admin. & Defence $M	Health & Community Services $M	Entertainment Leisure & Tourism $M	Electricity Gas & Water $M	Other $M	Total $M
Corporate (incl. Large and SME corporate)	15,835	98,379	–	13,053	19,987	9,166	11,943	**265,807**
Sovereign	–	–	150,227	–	–	–	–	**150,227**
Financial institution	–	–	–	–	–	–	–	**41,554**
SME retail [1]	1,108	1,707	–	1,178	1,436	57	4,486	**21,728**
Residential mortgage	–	–	–	–	–	–	–	**760,280**
Qualifying revolving retail	–	–	–	–	–	–	–	**23,059**
Other retail	–	–	–	–	–	–	–	**9,739**
Specialised lending	156	–	–	–	57	4,491	95	**5,912**
Other assets [2]	20	89	–	13	10	–	10,544	**13,615**
RBNZ regulated entities	1,288	10,875	11,944	1,674	807	843	1,394	**128,247**
Total credit exposures	**18,407**	**111,050**	**162,171**	**15,918**	**22,297**	**14,557**	**28,462**	**1,420,168**

1 SME retail business lending secured by residential property has been allocated by industry.
2 Includes immaterial contributions from other standardised asset classes, including Domestic public sector entities, Commercial property, Land acquisition, development and construction, and Bank.
3 Commercial Property includes Real Estate Investment Trusts (REIT) and excludes Business Services.

Credit Risk (continued)

8.1 Credit quality, non-performing exposures and provisions (continued)

CRB(e)(ii): Credit exposures by portfolio type and industry sector (continued)

	31 December 2025							
	Industry Sector							
	Consumer	Finance & Insurance	Business Services	Agriculture & Forestry	Construction	Mining, Oil & Gas	Wholesale & Retail Trade	Transport & Storage
Portfolio Type	$M	$M	$M	$M	$M	$M	$M	$M
Corporate (incl. Large and SME corporate)	–	2,696	12,562	20,684	7,553	3,258	25,092	20,346
Sovereign	–	–	–	–	–	–	–	–
Financial institution	–	34,900	–	–	–	–	–	–
SME retail [1]	–	394	2,155	1,471	3,118	116	2,928	1,348
Residential mortgage	738,789	–	–	–	–	–	–	–
Qualifying revolving retail	22,929	–	–	–	–	–	–	–
Other retail	9,547	–	–	–	–	–	–	–
Specialised lending	–	–	–	1	–	20	400	760
Other assets [2]	2,705	84	19	34	13	–	35	15
RBNZ regulated entities	82,386	2,696	1,758	10,547	1,165	13	3,638	886
Total credit exposures	**856,356**	**40,770**	**16,494**	**32,737**	**11,849**	**3,407**	**32,093**	**23,355**

	Industry Sector (continued)							
	Manufacturing	Commercial Property [3]	Government Admin. & Defence	Health & Community Services	Entertainment Leisure & Tourism	Electricity Gas & Water	Other	Total
Portfolio Type	$M	$M	$M	$M	$M	$M	$M	$M
Corporate (incl. Large and SME corporate)	15,269	90,898	–	12,760	18,473	8,779	11,455	**249,825**
Sovereign	–	–	147,148	–	–	–	–	**147,148**
Financial institution	–	–	–	–	–	–	–	**34,900**
SME retail [1]	1,106	1,638	–	1,149	1,405	52	4,350	**21,230**
Residential mortgage	–	–	–	–	–	–	–	**738,789**
Qualifying revolving retail	–	–	–	–	–	–	–	**22,929**
Other retail	–	–	–	–	–	–	–	**9,547**
Specialised lending	161	–	–	–	55	3,850	96	**5,343**
Other assets [2]	37	79	–	11	10	–	15,167	**18,209**
RBNZ regulated entities	1,262	10,713	12,043	1,819	803	844	1,304	**131,877**
Total credit exposures	**17,835**	**103,328**	**159,191**	**15,739**	**20,746**	**13,525**	**32,372**	**1,379,797**

1 SME retail business lending secured by residential property has been allocated by industry.
2 Includes immaterial contributions from other standardised asset classes, including Domestic public sector entities, Commercial property, Land acquisition, development and construction, and Bank.
3 Commercial Property includes Real Estate Investment Trusts (REIT) and excludes Business Services.

Total credit exposures increased $40.4 billion or 3% on the prior half to $1,420.2 billion primarily driven by the following sectors:

- Consumer increased by $18.7 billion or 2% on the prior half to $875.1 billion due to increased home lending exposures, partly offset by the impact of FX;
- Commercial Property increased $7.7 billion or 7% on the prior half to $111.1 billion primarily driven by higher development and investment activities across Residential Property, Industrial Property and REITs; and
- Finance & Insurance increased by $5.7 billion or 14% on the prior half to $46.5 billion reflecting increased exposure to investment grade bonds, customer hedging activities and funds financing.

8.1 Credit quality, non-performing exposures and provisions (continued)

CRB(e)(iii): Credit exposures by portfolio type and residual maturity

The following tables provide supplementary breakdown of exposures by residual maturity. The tables exclude derivative and SFTs exposures subject to counterparty credit risk requirements, equity and securitisation exposures.

	30 June 2026				
	≤ 12mths	1 ≤ 5yrs	> 5 years	No specified maturity	Total
Portfolio Type [1]	**$M**	**$M**	**$M**	**$M**	**$M**
Corporate (incl. Large and SME corporate)	86,590	167,697	11,520	–	**265,807**
Sovereign	50,234	36,598	63,395	–	**150,227**
Financial institution	23,802	17,344	408	–	**41,554**
SME retail [2]	8,325	8,754	4,649	–	**21,728**
Residential mortgage	3,020	1,143	743,237	12,880	**760,280**
Qualifying revolving retail	–	–	–	23,059	**23,059**
Other retail	439	5,122	3,139	1,039	**9,739**
Specialised lending	1,820	3,198	894	–	**5,912**
Other assets [3]	2,827	233	35	10,520	**13,615**
RBNZ regulated entities	34,448	14,480	79,319	–	**128,247**
Total credit exposures	**211,505**	**254,569**	**906,596**	**47,498**	**1,420,168**

1 Maturity banding is based on contractual life of exposures.
2 Including SME retail secured by residential property.
3 Includes immaterial contributions from other standardised asset classes, including Domestic public sector entities, Commercial property, Land acquisition, development and construction, and Bank.

	30 June 2025				
	≤ 12mths	1 ≤ 5yrs	> 5 years	No specified maturity	Total
Portfolio Type [1]	**$M**	**$M**	**$M**	**$M**	**$M**
Corporate (incl. Large and SME corporate)	77,581	147,037	10,466	–	**235,084**
Sovereign	51,522	35,267	53,575	–	**140,364**
Financial institution	23,490	11,161	378	–	**35,029**
SME retail [2]	7,693	8,245	4,561	–	**20,499**
Residential mortgage	2,495	1,081	691,392	14,417	**709,385**
Qualifying revolving retail	–	–	–	22,784	**22,784**
Other retail	375	5,029	2,772	1,077	**9,253**
Specialised lending	1,326	3,636	834	–	**5,796**
Other assets [3]	2,709	251	12	13,398	**16,370**
RBNZ regulated entities	37,712	16,316	83,278	–	**137,306**
Total credit exposures	**204,903**	**228,023**	**847,268**	**51,676**	**1,331,870**

1 Maturity banding is based on contractual life of the exposures.
2 Including SME retail secured by residential property.
3 Includes immaterial contributions from other standardised asset classes, including Domestic public sector entities, Commercial property, Land acquisition, development and construction, and Bank.

8.1 Credit quality, non-performing exposures and provisions (continued)

CRB(f)(i): Non-performing exposures, related provisions and actual losses by industry sector

The following table provides information about non-performing exposures, specific provisions and actual losses by industry.

	30 June 2026		
	Non performing exposures [1]	Specific provision balance	Full year actual losses [2]
Industry Sector	**$M**	**$M**	**$M**
Consumer	8,387	579	488
Finance & Insurance	36	8	5
Business Services	208	58	9
Agriculture & Forestry	340	31	6
Construction	261	99	42
Mining, Oil & Gas	18	13	–
Wholesale & Retail Trade	535	244	21
Transport & Storage	179	74	16
Manufacturing	238	119	26
Commercial Property	238	26	4
Health & Community Services	288	91	1
Entertainment, Leisure & Tourism	198	109	20
Electricity, Gas & Water	–	–	37
Other	168	38	25
Total	**11,094**	**1,489**	**700**

1 Excludes non-performing exposures in securitisation entities that meet APRA's operational requirements for regulatory capital relief under APS 120 *Securitisation*.
2 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 3 years to 30 June 2026.

8.1 Credit quality, non-performing exposures and provisions (continued)

CRB(f)(i): Non-performing exposures, related provisions and actual losses by industry sector (continued)

	31 December 2025		
	Non performing exposures [1]	Specific provision balance	Half year actual losses [2]
Industry Sector	$M	$M	$M
Consumer	7,819	560	242
Finance & Insurance	20	11	(1)
Business Services	228	60	6
Agriculture & Forestry	283	28	1
Construction	258	107	12
Mining, Oil & Gas	12	2	–
Wholesale & Retail Trade	446	204	11
Transport & Storage	185	103	4
Manufacturing	247	122	15
Commercial Property	287	31	2
Health & Community Services	290	90	1
Entertainment, Leisure & Tourism	224	107	16
Electricity, Gas & Water	2	–	38
Other	149	38	13
Total	**10,450**	**1,463**	**360**

1 Excludes non-performing exposures in securitisation entities that meet APRA's operational requirements for regulatory capital relief under APS 120 *Securitisation*.
2 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 3 years to 31 December 2025.

Non-performing exposures increased $0.6 billion or 6% on the prior half to $11.1 billion mainly driven by higher arrears in the well-secured home lending portfolio.

Specific provisions increased by $26 million or 2% on the prior half to $1,489 million primarily due to higher collective provisions in relation to non-performing consumer lending exposures due to increase in arrears along with the downgrade of a few single name customers in wholesale and retail trade sector.

8.1 Credit quality, non-performing exposures and provisions (continued)

CRB(f)(ii): Non-performing exposures, related provisions and actual losses by portfolio

The following table provides information about non-performing exposures, related provisions and actual losses by portfolio.

	30 June 2026		
	Non performing exposures [1]	Specific provision balance	Full year actual losses [2]
Portfolio	$M	$M	$M
Corporate (incl. Large and SME corporate)	1,736	509	126
Sovereign	–	–	–
Financial Institution	24	3	–
SME Retail	455	153	71
Residential Mortgage	7,200	313	17
Qualifying Revolving Retail	86	56	141
Other Retail	134	109	296
Specialised Lending	166	147	1
Other Assets	33	10	(13)
RBNZ Regulated Entities	1,260	189	61
Total	**11,094**	**1,489**	**700**

1 Excludes non-performing exposures in securitisation entities that meet APRA's operational requirements for regulatory capital relief under APS 120 *Securitisation*.
2 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 3 years to 30 June 2026.

	31 December 2025		
	Non performing exposures [1]	Specific provision balance	Half year actual losses [2]
Portfolio	$M	$M	$M
Corporate (incl. Large and SME corporate)	1,739	504	76
Sovereign	–	–	–
Financial Institution	1	1	–
SME Retail	391	148	33
Residential Mortgage	6,371	304	13
Qualifying Revolving Retail	76	50	74
Other Retail	116	89	138
Specialised Lending	161	139	–
Other Assets	36	8	(4)
RBNZ Regulated Entities	1,559	220	30
Total	**10,450**	**1,463**	**360**

1 Excludes non-performing exposures in securitisation entities that meet APRA's operational requirements for regulatory capital relief under APS 120 *Securitisation*.
2 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 3 years to 31 December 2025.

8.1 Credit quality, non-performing exposures and provisions (continued)

CRB(f)(iii): Non-performing exposures and related provisions by geographic region

The following table provides information about non-performing exposures and the related provisions by geographic region.

	30 June 2026		
	Non performing exposures [2]	Specific provision balance	General provision balance
Geographic Region [1]	**$M**	**$M**	**$M**
Australia	9,825	1,301	4,513
New Zealand	1,246	186	383
Other	23	2	91
Total	**11,094**	**1,489**	**4,987**

1 Balances are reported based on the risk domicile of the borrower.
2 Excludes non-performing exposures in securitisation entities that meet APRA's operational requirements for regulatory capital relief under APS 120 *Securitisation*.

	31 December 2025		
	Non performing exposures [2]	Specific provision balance	General provision balance
Geographic Region [1]	**$M**	**$M**	**$M**
Australia	8,865	1,240	4,432
New Zealand	1,537	217	339
Other	48	6	101
Total	**10,450**	**1,463**	**4,872**

1 Balances are reported based on the risk domicile of the borrower.
2 Excludes non-performing exposures in securitisation entities that meet APRA's operational requirements for regulatory capital relief under APS 120 *Securitisation*.

Specific provisions increased by $26 million or 2% on the prior half to $1,489 million primarily due to higher collective provisions in relation to non-performing consumer lending exposures driven by the increase in arrears along with the downgrade of a few single name customers in wholesale and retail trade sector.

General provisions increased by $115 million or 2% on the prior half to $4,987 million reflecting portfolio growth, higher arrears, increased geopolitical risk and macroeconomic uncertainty.

8.1 Credit quality, non-performing exposures and provisions (continued)

CRB(g): Ageing analysis of accounting past-due exposures

	30 June 2026				
	Past due 30 - 59 days	Past due 60 - 89 days	Past due 90 - 179 days	Past due 180 days or more	Total loans past due [2]
Portfolio Type [1]	**$M**	**$M**	**$M**	**$M**	**$M**
Corporate (incl. Large and SME corporate)	228	125	214	750	**1,317**
Sovereign	2	–	–	–	**2**
Financial institution	–	2	2	6	**10**
SME retail	79	57	109	187	**432**
Residential mortgage	2,683	1,409	2,265	2,849	**9,206**
Qualifying revolving retail	47	32	59	–	**138**
Other retail	91	67	116	8	**282**
Specialised lending	–	–	–	123	**123**
Other assets [3]	3	1	2	24	**30**
RBNZ regulated entities	272	134	146	251	**803**
Total credit exposures	**3,405**	**1,827**	**2,913**	**4,198**	**12,343**

1 Excludes exposures in securitisation entities that meet APRA's operational requirements for regulatory capital relief under APS 120 *Securitisation*.
2 Total of exposures that are past due 30 days or more.
3 Includes immaterial contributions from other standardised asset classes, including Domestic public sector entities, Commercial property, Land acquisition, development and construction, and Bank.

	30 June 2025 [1]				
	Past due 30 - 59 days	Past due 60 - 89 days	Past due 90 - 179 days	Past due 180 days or more	Total loans past due [3]
Portfolio Type [2]	**$M**	**$M**	**$M**	**$M**	**$M**
Corporate (incl. Large and SME corporate)	278	196	235	574	**1,283**
Sovereign	3	–	–	–	**3**
Financial institution	–	–	–	–	**–**
SME retail	60	56	81	134	**331**
Residential mortgage	2,355	1,253	2,039	2,387	**8,034**
Qualifying revolving retail	40	28	50	1	**119**
Other retail	74	54	97	11	**236**
Specialised lending	–	–	–	121	**121**
Other assets [4]	–	–	–	–	**–**
RBNZ regulated entities	389	201	257	365	**1,212**
Total credit exposures	**3,199**	**1,788**	**2,759**	**3,593**	**11,339**

1 During the half year ended 30 June 2026, the Group completed an alignment of the home loan arrears methodologies across the Group. The changes primarily related to the consistent inclusion of unpaid fees and removal of low materiality thresholds, which resulted in an increase in reported early-stage loan arrears. These changes did not impact 90+ days home loan arrears, non-performing exposures, provisioning or regulatory capital. Comparative information has been restated to conform to presentation in the current period.
2 Excludes exposures in securitisation entities that meet APRA's operational requirements for regulatory capital relief under APS 120 *Securitisation*.
3 Total of exposures that are past due 30 days or more.
4 Includes immaterial contributions from other standardised asset classes, including Domestic public sector entities, Commercial property, Land acquisition, development and construction, and Bank.

8.1 Credit quality, non-performing exposures and provisions (continued)

CRB(h): Restructured exposures

The table below provides information about the Group's non-performing restructured exposures and their level of security. Well-secured exposures are exposures where the value of collateral is sufficient so that the Group will recover the outstanding principal, including any previously due but unpaid interest or fees, and other previously unpaid amounts, and any estimated shortfall in all remaining cash flows due over the life of the exposure.

	As at	
	30 Jun 26	30 Jun 25
	$M	$M
Non-performing restructured [1]	**2,303**	2,238
of which: well-secured	**2,192**	2,071
of which: not well-secured	**111**	167

1 A non-performing restructured exposure refers to a credit facility whose terms have been modified on non-commercial terms due to the borrower's financial difficulty or hardship.

8.2 Portfolios subject to standardised and supervisory risk weights

CRD: Qualitative disclosure on banks' use of external credit ratings under the standardised approach for credit risk

The standardised approach is used by the Group for portfolios or segments where there isn't a modelled approach, the Group doesn't have enough information to apply a modelled approach or where the relevant prudential standards require a standardised approach to be used.

Portfolios or segments under APS 112: *Capital Adequacy: Standardised Approach to Credit Risk* include:

- some retail SME (overdrawn accounts with no prior credit risk exposure);
- non-retail 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 for predominantly personal purposes with an LVR greater than 80% and an interest only term greater than 5 years and no recent servicing assessment;
  - 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;
- margin lending; and
- other assets (including property, plant and equipment, lease right of use assets and the residual value of assets under operating leases).

The risk weights for these portfolios and segments 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 makes use of external credit ratings only in relation to a small portion of portfolios subject to the standardised approach.

Exposures to central counterparties as defined under APS 180 *Capital Adequacy: Counterparty Credit Risk*:

- central counterparties; and
- credit valuation adjustments (CVA).

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 and have the ability to be monitored.

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

8.2 Portfolios subject to standardised and supervisory risk weights (continued)

CR4: Standardised approach – credit risk exposure and credit risk mitigation effects

The table below provides information about the effect of credit risk mitigation techniques by portfolio using regulatory exposure amounts. The table excludes derivative and SFTs exposures subject to counterparty credit risk requirements, equity and securitisation exposures.

EAD post-CCF and post-CRM is derived by applying relevant CCFs to committed but undrawn exposures and provisioning is deducted from the outstanding drawn non-performing balances. The Group does not apply CRMI on the standardised portfolio.

		30 June 2026					
		Exposures before CCF and CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
	Portfolio Type	On-balance sheet $M	Off-balance sheet $M	On-balance sheet $M	Off-balance sheet $M	RWA $M	RWA density [1] %
1	Sovereign	400	–	–	–	–	100
6	Corporate (incl. SME corporate)	818	569	784	236	991	97
8	SME retail	728	919	728	433	873	75
9	Residential mortgage	17,466	3,671	17,451	1,659	7,649	40
	Other retail	156	433	155	173	330	100
11	Other assets [2]	12,703	2,273	12,698	917	6,175	45
	RBNZ regulated entities	15,896	1,074	15,896	573	3,422	21
12	**Total**	**48,167**	**8,939**	**47,712**	**3,991**	**19,440**	**38**

1 RWA density is calculated based on unrounded numbers.
2 Includes immaterial contributions from other standardised asset classes, including Domestic public sector entities, Commercial property, Land acquisition, development and construction, and Bank.

		31 December 2025					
		Exposures before CCF and CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
	Portfolio Type	On-balance sheet $M	Off-balance sheet $M	On-balance sheet $M	Off-balance sheet $M	RWA $M	RWA density [1] %
1	Sovereign	400	–	–	–	–	97
6	Corporate (incl. SME corporate)	502	633	472	187	659	100
8	SME retail	644	820	644	419	800	75
9	Residential mortgage	16,999	3,459	16,981	1,559	7,497	40
	Other retail	143	444	143	178	322	100
11	Other assets [2]	17,209	2,415	17,205	1,004	6,224	34
	RBNZ regulated entities	16,390	1,101	16,390	552	3,643	22
12	**Total**	**52,287**	**8,872**	**51,835**	**3,899**	**19,145**	**34**

1 RWA density is calculated based on unrounded numbers.
2 Includes immaterial contributions from other standardised asset classes, including Domestic public sector entities, Commercial property, Land acquisition, development and construction, and Bank.

8.2 Portfolios subject to standardised and supervisory risk weights (continued)

CR5(i): Standardised approach - exposures by asset classes and risk weights

The table below shows the post-CCF and post-CRM exposures by asset class and risk weights. The table excludes derivative and SFTs exposures subject to counterparty credit risk requirements, equity and securitisation exposures.

EAD post-CCF and post-CRM is derived by applying relevant CCFs to committed but undrawn exposures and provisions are deducted from the outstanding drawn non-performing balances. The Group does not apply CRMI on the standardised portfolio.

		30 June 2026																								
		Risk weight																								
	Portfolio Type	0% $M	20% $M	25% $M	30% $M	35% $M	40% $M	45% $M	50% $M	55% $M	60% $M	65% $M	70% $M	75% $M	80% $M	85% $M	90% $M	95% $M	100% $M	105% $M	110% $M	120% $M	150% $M	>150% $M	1,250% $M	Total $M
1	Sovereign	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**–**
6	Corporate (incl. SME corporate)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	526	–	–	8	–	483	–	3	–	–	**1,020**
8	SME retail	–	–	–	–	–	–	–	–	–	–	–	–	1,158	–	–	–	–	–	–	–	–	3	–	–	**1,161**
9	Residential mortgage	–	3,319	2,603	3,055	4,355	1,142	1,240	919	138	–	134	15	–	23	50	–	2	1,866	108	–	28	113	–	–	**19,110**
	Other retail	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	325	–	–	–	3	–	–	**328**
11	Other assets [1]	4,941	3,063	–	–	–	–	–	123	–	59	–	48	9	–	111	14	–	5,131	–	48	–	35	33	–	**13,615**
	RBNZ regulated entities	10,770	1,449	–	–	591	626	–	601	–	–	–	7	4	–	–	1	–	2,416	–	–	–	4	–	–	**16,469**
	Total	**15,711**	**7,831**	**2,603**	**3,055**	**4,946**	**1,768**	**1,240**	**1,643**	**138**	**59**	**134**	**70**	**1,171**	**23**	**687**	**15**	**2**	**9,746**	**108**	**531**	**28**	**161**	**33**	**–**	**51,703**

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

Credit Risk (continued)

8.2 Portfolios subject to standardised and supervisory risk weights (continued)

CR5(i): Standardised approach - exposures by asset classes and risk weights (continued)

		31 December 2025																								
		Risk weight																								
	Portfolio	0%	20%	25%	30%	35%	40%	45%	50%	55%	60%	65%	70%	75%	80%	85%	90%	95%	100%	105%	110%	120%	150%	>150%	1,250%	Total
	Type	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
1	Sovereign	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**–**
6	Corporate (incl. SME corporate)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	281	–	–	21	–	342	–	15	–	–	**659**
8	SME retail	–	–	–	–	–	–	–	–	–	–	–	–	1,060	–	–	–	–	–	–	–	–	3	–	–	**1,063**
9	Residential mortgage	–	3,096	2,499	2,972	4,223	1,196	1,102	971	169	–	116	9	–	23	24	–	2	1,841	149	–	35	113	–	–	**18,540**
	Other retail	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	318	–	–	–	3	–	–	**321**
11	Other assets [1]	9,297	3,446	–	–	–	–	–	14	–	69	–	39	5	–	61	6	–	5,042	–	117	–	60	52	1	**18,209**
	RBNZ regulated entities	11,091	1,216	–	–	630	654	–	911	–	–	–	5	4	–	–	3	–	2,413	–	–	–	8	7	–	**16,942**
	Total	**20,388**	**7,758**	**2,499**	**2,972**	**4,853**	**1,850**	**1,102**	**1,896**	**169**	**69**	**116**	**53**	**1,069**	**23**	**366**	**9**	**2**	**9,635**	**149**	**459**	**35**	**202**	**59**	**1**	**55,734**

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

Credit Risk (continued)

8.2 Portfolios subject to standardised and supervisory risk weights (continued)

CR5(ii): Standardised approach – exposure amounts and CCFs by risk weight

The table below shows the exposure amounts and CCFs applied to on and off balance sheet exposures, categorised based on risk weight band of converted exposures. The table excludes derivative and SFTs exposures subject to counterparty credit risk requirements, equity and securitisation exposures.

EAD post-CCF and post-CRM is derived by applying relevant CCFs to committed but undrawn exposures and provisions are deducted from the outstanding drawn non-performing balances. The Group does not apply CRMI on the standardised portfolio.

		30 June 2026			
		On-balance sheet exposure	Off-balance sheet exposure (pre-CCF)	Weighted average CCF [1]	Exposure (post-CCF and post-CRM)
	Risk weight	$M	$M	%	$M
1	Less than 40%	31,892	5,123	44.0	34,146
2	40–70%	4,818	502	46.7	5,052
3	75%	735	920	47.2	1,171
	80%	23	–	–	23
4	85%	535	387	39.1	687
5	90–100%	9,504	1,624	43.1	9,763
6	105–130%	454	378	56.6	667
7	150%	173	5	55.8	161
8	250%	33	–	–	33
9	400%	–	–	–	–
10	1250%	–	–	–	–
11	**Total exposures**	**48,167**	**8,939**	**44.7**	**51,703**

1 Weighting is based on off-balance sheet exposure (pre-CCF).

		31 December 2025			
		On-balance sheet exposure	Off-balance sheet exposure (pre-CCF)	Weighted average CCF [1]	Exposure (post-CCF and post-CRM)
	Risk weight	$M	$M	%	$M
1	Less than 40%	36,374	4,930	42.5	38,470
2	40–70%	5,010	526	46.8	5,255
3	75%	649	822	51.1	1,069
	80%	23	–	–	23
4	85%	272	235	40.3	366
5	90–100%	9,316	1,762	43.2	9,646
6	105–130%	381	575	45.8	643
7	150%	202	22	82.1	202
8	250%	52	–	–	52
9	400%	7	–	–	7
10	1250%	1	–	–	1
11	**Total exposures**	**52,287**	**8,872**	**43.9**	**55,734**

1 Weighting is based on off-balance sheet exposure (pre-CCF).

8.2 Portfolios subject to standardised and supervisory risk weights (continued)

CR10: IRB (specialised lending under the slotting approach)

The table below shows specialised lending exposures by slotting category, split by residual maturity.

		30 June 2026									
		On-balance sheet amount	Off-balance sheet amount	Risk Weight [2]	Exposure amount [1]					RWA [2]	Expected Losses
					PF	OF	CF	IPRE	Total		
Regulatory categories	**Residual maturity**	$M	$M	%	$M	$M	$M	$M	$M	$M	$M
Strong	Less than 2.5 years	1,892	200	**70%**	714	62	–	1,267	2,043	1,519	8
	Equal to or more than 2.5 years	1,123	423	**70%**	1,052	178	–	169	1,399	991	6
Good	Less than 2.5 years	2,489	756	**90%**	1,351	–	320	1,306	2,977	2,797	24
	Equal to or more than 2.5 years	1,940	953	**90%**	1,841	66	–	617	2,524	2,331	20
Satisfactory		895	65	**115%**	114	2	2	655	773	964	22
Weak		80	–	**250%**	45	–	–	34	79	208	6
Default		221	–	–	57	–	151	13	221	–	111
Total		**8,640**	**2,397**		**5,174**	**308**	**473**	**4,061**	**10,016**	**8,810**	**197**

1 Includes $4.1 billion of exposures and $4 billion RWA in relation to specialised lending exposures in the Group's RBNZ regulated entities. Pursuant to APRA requirements, the related RWA amounts have been multiplied by a scaling factor of 1.10.

2 Risk-weight (%) exclude APRA's 1.1 scaling factor for specialised lending exposures of the RBNZ regulated banking subsidiary, whereas RWA ($m) is after application of this scaling factor.

8.2 Portfolios subject to standardised and supervisory risk weights (continued)

CR10: IRB (specialised lending under the slotting approach) (continued)

		31 December 2025									
					Exposure amount [1]						
		On-balance sheet amount	Off-balance sheet amount	Risk Weight [2]	PF	OF	CF	IPRE	Total	RWA [2]	Expected Losses
Regulatory categories	Residual maturity	$M	$M	%	$M	$M	$M	$M	$M	$M	$M
Strong	Less than 2.5 years	1,315	442	**70%**	848	122	–	640	1,610	1,172	6
	Equal to or more than 2.5 years	1,252	313	**70%**	1,025	197	–	224	1,446	1,028	6
Good	Less than 2.5 years	2,680	609	**90%**	984	1	252	1,875	3,112	2,969	25
	Equal to or more than 2.5 years	1,738	515	**90%**	1,445	67	–	500	2,012	1,859	16
Satisfactory		966	71	**115%**	198	3	1	634	836	1,035	23
Weak		54	–	**250%**	30	12	–	12	54	137	4
Default		217	–	–	55	–	149	12	216	–	108
Total		**8,222**	**1,950**		**4,585**	**402**	**402**	**3,897**	**9,286**	**8,200**	**188**

1 Includes $4.0 billion of exposures and $3.9 billion RWA in relation to specialised lending exposures in the Group's RBNZ regulated entities. Pursuant to APRA requirements, the related RWA amounts have been multiplied by a scaling factor of 1.10.

2 Risk-weight (%) exclude APRA's 1.1 scaling factor for specialised lending exposures of the RBNZ regulated banking subsidiary, whereas RWA ($m) is after application of this scaling factor

8.3 Portfolios subject to internal ratings-based approaches

CRE: Qualitative disclosure related to IRB models

Model development, validation and approval

Model development, validation and monitoring is typically undertaken by different teams within CBA:

- Credit Risk Model development is undertaken in the Model Development Chapter Area (MDCA) which sits in the central Group Financial Risk function;
- Model validation is undertaken by the Model Risk and Validation (MRV) Centre of Excellence which sits in the central Strategy, Data & AI function of Risk Management. It owns the Model Risk Policy Framework and independently reviews new models, material changes to existing models, and model monitoring outcomes. The framework includes details on development, validation and monitoring controls expected across the model life-cycle; and
- Credit Risk Model Owners are responsible for model monitoring. The Credit risk models are typically owned by divisional Chief Risk Offices (CRO), with the exception being Group-wide models which are owned centrally in Group Financial Risk.

Model governance, including model approval is undertaken by the Executive Leadership Team Financial Risk Committee (ELT FRC) and its delegate committees (e.g. the Model Risk Governance Committee). As per the requirements under APS 113 *Capital Adequacy: Internal Ratings-based Approach to Credit Risk* (APS 113), all new credit risk models or material changes to existing models used for capital purposes must be approved by APRA prior to implementation.

Relationship between Risk Management and Internal Audit

Risk Management is structurally independent from Group Audit & Assurance (GA&A) via separate reporting lines at the Group Executive level. The GA&A Charter notes that GA&A staff must have no direct operational responsibility or authority over any activities audited. Accordingly, they do not implement internal controls, develop procedures, install systems, prepare records or engage in any activity that may impair their professional judgment. Various members of GA&A are standing invitees to the ELT FRC, Model Risk Governance Committee (MRGC) or Sub-Committee (MRGSC).

Independence between model development and review

The divisional CROs that own models and the Group Financial Risk teams that both own and build models have separate structural reporting lines to the Group CRO. These are independent of the MRV team, which also reports through to the Group CRO and provides independent review and governance of the models.

Scope and content of Credit Risk Model reporting

There is an extensive suite of quantitative and qualitative board and management reporting which covers model health, data, systems, processes and controls.

Specifically, IRB framework reporting is provided to the Board Risk and Compliance Committee, ELT FRC, ELT Non-Financial Risk Committee (NFRC), MRGC, MRGSC and Business Unit governance forums (e.g. their FRCs and NFRCs).

The primary quantitative metrics for tracking overall credit model health are Board-approved Risk Appetite Statement (RAS) and management risk indicators. RAS indicators include the number of under-performing material models. Key risk indicators include (among other things): framework compliance rates, quantum of regulatory and management-imposed overlays, model override rates, the scope of model use and statistics on model findings.

APS 113 Accreditation

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.

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.

8.3 Portfolios subject to internal ratings-based approaches (continued)

Probability of Default (PD)

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. A summary of PD rating methodology for various segments of the credit portfolio is provided below.

PD rating methodology by portfolio segment

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

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 PD pools. Pools may be combined so that 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

The Risk-rated segment comprises non-retail exposures including corporate, financial institution and sovereign exposures.

The Group assesses the credit risk of risk-rated exposures using a PD Masterscale, which includes 24 PD grades (16 performing, 6 weak/doubtful, 1 restructured and 1 defaulted).

Borrowers that are risk-rated are assigned a PD rating primarily using a PD Rating model or via expert judgement where appropriate.

PD ratings models are statistical models designed to predict the rating of a borrower using information about the customer such as their financial condition, their management capability and integrity, and their account behaviour. The Group has ten key risk-rated PD models which include general models that cover a variety of industries, and bespoke models for segments such as Agribusiness and Commercial Property.

Under expert judgement, an experienced Credit Officer assigns a rating based on their assessment of the customer and the rating may be influenced by ratings assigned by ECAIs, benchmark rating criteria, management capability and integrity, market or other relevant information.

The PD rating maps to a probability of default estimate, which represents the risk of default 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.

The Group's PD estimates are subject to regulatory floors i.e. for Corporate and Financial borrowers, a 5 basis points PD floor applies.

Credit Risk (continued)

8.3 Portfolios subject to internal ratings-based approaches (continued)

Probability of Default (PD) (continued)

PD ratings fall into the following categories:

Internal ratings structure for credit risk exposures and mapping to external ratings

Category	Internal Rating	Probability of Default	S&P Rating	Moody's Rating	Description
Exceptional	A0 to A3	0% - 0.035%	AAA to AA-	Aaa to Aa3	A strong profit history with principal and interest repayments covered by large stable cash operating surpluses.
Very Strong/Strong	B1 to C3	>0.035% - 0.446%	A+ to BBB-	A1 to Baa3	A strongly performing business with principal and interest payments well protected by stable cash operating surpluses.
Good/Satisfactory	D1 to E3	>0.446% - 6.656%	BB+ to B	Ba1 to B2	A soundly performing business with sufficient operating cash surpluses to meet all principal and interest payments.
Weak/Doubtful	F1 to G3	>6.656%	B- to CC	B3 to Ca	Profitability of the business has been weak and the capacity to meet financial commitments is diminished with a potential for default.
Restructured	R	100% [1]	–	–	Concessions of interest and/or principal obligations have been provided due to the borrower's financial difficulty, rendering the facility non-commercial to the Group.
Defaulted	H	100%	D	C	Default (as defined in section CRB).

1 From January 2023 onwards.

Assignment of 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 is available or there is a request for new credit.

(ii) Retail Managed Segment

This segment has nine 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.

These retail PD models generally use scorecards to risk rank exposures based on information such as loan (e.g. loan to value ratio) and product (e.g. owner occupied) characteristics. These scorecards, or other segmentation approaches, are used to assign exposures to PD pools. Each PD pool has an associated PD estimate which measures the long-run probability of default. Borrowers with similar risk characteristics, products and subject to the same origination process are allocated the same PD.

The Group's retail PD estimates are subject to regulatory floors i.e. 5 basis points floor exists for all retail portfolios and 10 basis points floor for qualifying revolving retail (QRR) exposures that are classified as revolvers.

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.

Retail exposures are classified as secured or unsecured. Unsecured facilities (e.g. credit cards) are generally written off once they reach 180 days past due (unless arrangements have been made between the borrower and the Group).

Retail exposures are classified as non-performing when payment on a facility is 90 days or more past due, or there are indications of unlikeliness to pay (e.g. a write-off amount exists against the facility).

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.

8.3 Portfolios subject to internal ratings-based approaches (continued)

Loss Given Default (LGD)

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, for example:

- 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%.

The Group has two key LGD models that cover these portfolios with the split based on those that relate to 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 8.4 *Credit Risk Mitigation*.

Exposure at Default (EAD)

EAD is the estimate of the amount of the facility that will be outstanding at default. For facilities already in default, it is the actual amount outstanding.

EAD for loans and commitments is based on the amount outstanding, plus the amount undrawn multiplied by a Credit Conversion Factor (CCF). The CCF represents the amount by which the undrawn limit is expected to be drawn as a facility enters default.

For non-retail and non-revolving retail exposures, the Group uses Supervisory CCF estimates, as prescribed under APS 113. There are different CCFs depending on the type of commitment e.g. trade facilities, performance guarantees, facilities with certain drawdown.

For revolving retail exposures, CCF is modelled using factors including limit usage, arrears and loan type. Retail CCF estimates are subject to regulatory floors based on the type of commitment.

Expected Loss (EL)

Regulatory EL is a hybrid measure of expected stressed loss and is calculated by multiplying PD, Downturn LGD and EAD for non-defaulted exposures. For defaulted exposures EL is calculated as follows:

- supervisory factors for exposures subject to supervisory slotting (e.g. project finance, corporate finance and object finance exposures);
- the Best Estimate of Expected Loss (BEEL) for exposures under the advanced approaches. For CBA this is estimated as the provisions assigned to defaulted exposure; and
- LGD multiplied by EAD for exposures subject to the Foundation IRB approach (e.g. large corporate, sovereign and financial institution exposures).

8.3 Portfolios subject to internal ratings-based approaches (continued)

Unexpected Loss (UL)

The Group holds capital to cover for Unexpected Losses. In the APRA capital framework, capital is held to cover losses up to a 99.9% percentile.

Uses of Internal Estimate of Credit Risk Components other than for Regulatory Purposes

The Group uses its credit risk factors for a number of purposes:

- *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 and setting of risk appetite;
- *Calculation of collective provisions*: the PD and LGD non-retail grades are used to inform collective provisioning amounts;
- *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, which assists the Group in generating appropriate economic returns through its pricing framework at both a transaction level and a portfolio level. This is done by factoring long-run EL into interest margins and fees and implementation of Profit After Capital Charge and Return on Target Equity frameworks.

Credit Risk Ratings

The Group has a central Credit Risk Rating matrix which maps the PD and long-run LGD to a number which broadly aligns with expected loss bands.

Overview of EAD by approach

The table below shows EAD by portfolio type, split by credit risk approach and presented as a percentage of total EAD (post-CRM and post-CCF).

	30 June 26			31 December 25		
EAD %	**IRB [1]**	**FIRB**	**Standardised**	**IRB [1]**	**FIRB**	**Standardised**
Corporate (incl. SME corporate)	**76%**	**24%**	**–**	78%	22%	–
Sovereign	**–**	**100%**	**–**	–	100%	–
Financial institution	**–**	**100%**	**–**	–	100%	–
SME retail	**95%**	**–**	**5%**	95%	–	5%
Residential mortgage	**97%**	**–**	**3%**	97%	–	3%
Qualifying revolving retail	**100%**	**–**	**–**	100%	–	–
Other retail	**97%**	**–**	**3%**	97%	–	3%
Specialised lending	**100%**	**–**	**–**	100%	–	–
Other assets	**–**	**–**	**100%**	–	–	100%
RBNZ regulated entities	**87%**	**–**	**13%**	87%	–	13%

1 IRB includes specialised lending under the slotting approach.

Credit Risk (continued)

8.3 Portfolios subject to internal ratings-based approaches (continued)

CR6: IRB - Credit risk exposures by portfolio and PD range

The table below shows the detailed key parameters used for the calculation of capital requirements of credit risk exposure under the IRB approach, broken down by asset class and PD range.

Subject to AIRB approach		30 June 2026											
		Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post-CCF	Average PD [1]	Number of borrowers	Average LGD	Average maturity	RWA [2]	RWA density [3]	Expected Loss	Provisions
Portfolio Type	**PD Range**	**$M**	**$M**	**%**	**$M**	**%**	**#**	**%**	**Years**	**$M**	**%**	**$M**	**$M**
Corporate	0.00 to <0.15	6,268	2,381	40	7,160	0.08	210	31	2.9	1,867	26	2	
(incl. SME corporate)	0.15 to <0.25	17,971	4,683	55	20,553	0.22	695	24	2.6	7,112	35	11	
	0.25 to <0.50	18,499	4,726	49	20,827	0.37	1,327	24	2.3	7,983	38	18	
	0.50 to <0.75	20,256	6,073	60	23,904	0.55	3,293	22	2.0	9,951	42	29	
	0.75 to <2.50	91,125	18,998	53	100,883	1.27	21,163	24	1.8	55,575	55	310	
	2.50 to <10.00	22,552	3,275	48	24,113	3.88	9,124	24	1.5	16,328	68	223	
	10.00 to <100.00	2,870	358	52	3,058	27.28	884	27	1.2	4,411	144	220	
	100.00 (Default)	1,609	80	48	1,647	100.00	1,214	30	1.6	1,907	116	574	
	Sub-total	**181,150**	**40,574**	**53**	**202,145**	**2.45**	**37,910**	**24**	**1.9**	**105,134**	**52**	**1,387**	**2,089**
SME retail	0.00 to <0.15	23	477	103	517	0.10	10,323	51		83	16	–	
	0.15 to <0.25	186	699	102	902	0.19	12,387	42		193	21	1	
	0.25 to <0.50	1,179	1,350	101	2,552	0.39	20,766	35		692	27	3	
	0.50 to <0.75	125	1	100	126	0.55	4,521	38		40	32	–	
	0.75 to <2.50	7,052	2,148	101	9,250	1.32	51,062	37		4,596	50	46	
	2.50 to <10.00	3,752	1,347	101	5,123	4.19	59,612	40		4,066	79	81	
	10.00 to <100.00	1,463	169	101	1,643	18.08	8,681	37		1,880	114	117	
	100.00 (Default)	425	29	100	454	100.00	3,458	47		1,246	274	148	
	Sub-total	**14,205**	**6,220**	**101**	**20,567**	**5.35**	**170,810**	**38**		**12,796**	**62**	**396**	**296**

1 Average PD is calculated using EAD at the end of the period.
2 Includes RWA overlays.
3 RWA density is calculated based on unrounded numbers.

Credit Risk (continued)

8.3 Portfolios subject to internal ratings-based approaches (continued)

CR6: IRB – Credit risk exposures by portfolio and PD range (continued)

		30 June 2026											
Subject to AIRB approach		**Original on-balance sheet gross exposure**	**Off-balance sheet exposures pre CCF**	**Average CCF**	**EAD post CRM and post-CCF**	**Average PD [1]**	**Number of borrowers**	**Average LGD**	**Average maturity**	**RWA [2]**	**RWA density [3]**	**Expected Loss**	**Provisions**
Portfolio Type	**PD Range**	**$M**	**$M**	**%**	**$M**	**%**	**#**	**%**	**Years**	**$M**	**%**	**$M**	**$M**
Residential mortgage	0.00 to <0.15	254,678	56,485	100	311,380	0.08	759,994	14		20,857	7	35	
	0.15 to <0.25	112,917	13,225	100	126,152	0.18	306,731	16		13,047	10	36	
	0.25 to <0.50	96,635	7,264	100	103,904	0.34	248,630	17		18,241	18	59	
	0.50 to <0.75	54,259	2,265	100	56,524	0.57	143,324	18		15,345	27	57	
	0.75 to <2.50	99,817	2,322	101	102,157	1.31	261,713	17		45,908	45	231	
	2.50 to <10.00	32,914	131	103	33,050	3.77	88,799	18		28,679	87	225	
	10.00 to <100.00	1,014	4	100	1,018	16.66	3,069	15		1,342	132	26	
	100.00 (Default)	6,966	18	104	6,985	100.00	16,422	20		15,720	225	305	
	Sub-total	**659,200**	**81,714**	**100**	**741,170**	**1.47**	**1,828,682**	**16**		**159,139**	**21**	**974**	**1,758**
Qualifying revolving retail	0.00 to <0.15	3,524	12,781	87	14,651	0.10	1,642,292	85		824	6	12	
	0.15 to <0.25	89	594	64	471	0.19	83,623	81		42	9	1	
	0.25 to <0.50	934	1,958	82	2,549	0.31	343,900	84		362	14	7	
	0.50 to <0.75	6	30	79	30	0.60	3,480	85		7	24	–	
	0.75 to <2.50	1,879	1,337	94	3,130	1.23	388,410	84		1,278	41	32	
	2.50 to <10.00	1,564	341	101	1,909	5.27	248,907	84		2,136	112	85	
	10.00 to <100.00	211	21	128	239	36.34	42,356	84		513	215	74	
	100.00 (Default)	76	5	82	80	100.00	13,845	85		189	235	55	
	Sub-total	**8,283**	**17,067**	**87**	**23,059**	**1.43**	**2,766,813**	**85**		**5,351**	**23**	**266**	**385**
Other retail	0.00 to <0.15	10	36	100	46	0.09	9,565	84		10	22	–	
	0.15 to <0.25	8	–	103	8	0.18	18	30		1	12	–	
	0.25 to <0.50	333	63	100	396	0.30	32,497	76		176	44	1	
	0.50 to <0.75	458	197	100	655	0.66	137,233	85		512	78	4	
	0.75 to <2.50	4,196	785	100	4,977	1.43	394,797	60		3,761	76	45	
	2.50 to <10.00	2,410	81	100	2,491	4.56	189,024	84		3,349	134	95	
	10.00 to <100.00	659	47	100	706	21.40	314,995	87		1,496	212	132	
	100.00 (Default)	131	1	100	132	100.00	24,027	84		120	91	104	
	Sub-total	**8,205**	**1,210**	**100**	**9,411**	**5.03**	**1,102,156**	**71**		**9,425**	**100**	**381**	**543**

1 Average PD is calculated using EAD at the end of the period.
2 Includes RWA overlays.
3 RWA density is calculated based on unrounded numbers.

Credit Risk (continued)

8.3 Portfolios subject to internal ratings-based approaches (continued)

CR6: IRB – Credit risk exposures by portfolio and PD range (continued)

Subject to AIRB approach		30 June 2026											
		Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post-CCF	Average PD [1]	Number of borrowers	Average LGD	Average maturity	RWA [2]	RWA density [3]	Expected Loss	Provisions
Portfolio Type	PD Range	$M	$M	%	$M	%	#	%	Years	$M	%	$M	$M
RBNZ regulated entities													
Non-retail	0.00 to <0.15	944	629	95	1,538	0.07	62	47	2.4	374	24	0	
	0.15 to <0.25	4,158	1,160	87	5,169	0.20	969	27	1.8	1,370	27	3	
	0.25 to <0.50	3,848	908	86	4,631	0.37	987	27	1.9	1,743	38	5	
	0.50 to <0.75	4,329	916	85	5,107	0.55	1,606	28	1.9	2,290	45	8	
	0.75 to <2.50	8,969	1,764	81	10,402	1.14	4,798	27	1.9	5,694	55	31	
	2.50 to <10.00	1,290	235	80	1,478	4.11	942	29	2.0	1,275	86	18	
	10.00 to <100.00	320	30	73	342	21.13	159	36	1.3	651	190	25	
	100.00 (Default)	218	16	55	226	100.00	112	39	1.2	471	208	64	
	Sub-total	**24,076**	**5,658**	**85**	**28,893**	**1.85**	**9,635**	**28**	**1.9**	**13,868**	**48**	**154**	**290**
RBNZ regulated entities													
Retail	0.00 to <0.15	7,829	3,774	100	11,603	0.15	78,877	15		713	6	3	
	0.15 to <0.25	–	–	–	–	–	–	–		–	–	–	
	0.25 to <0.50	14,747	2,036	100	16,783	0.45	204,176	21		3,059	18	16	
	0.50 to <0.75	11,197	968	100	12,165	0.66	106,160	21		2,951	24	17	
	0.75 to <2.50	28,263	1,543	100	29,809	1.22	323,413	23		12,015	40	86	
	2.50 to <10.00	7,293	159	100	7,452	2.94	87,121	26		5,652	76	57	
	10.00 to <100.00	–	–	–	–	–	–	–		–	–	–	
	100.00 (Default)	962	7	100	969	100.00	7,624	24		2,102	217	85	
	Sub-total	**70,291**	**8,487**	**100**	**78,781**	**2.19**	**807,371**	**22**		**26,492**	**34**	**264**	**209**
Total subject to AIRB approach		**965,410**	**160,930**	**86**	**1,104,026**	**1.81**	**6,723,377**	**20**	**1.9**	**332,205**	**30**	**3,822**	**5,570**

1 Average PD is calculated using EAD at the end of the period.
2 Includes RWA overlays.
3 RWA density is calculated based on unrounded numbers.

Credit Risk (continued)

8.3 Portfolios subject to internal ratings-based approaches (continued)

CR6: IRB – Credit risk exposures by portfolio and PD range (continued)

Subject to FIRB approach		30 June 2026											
		Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post-CCF	Average PD [1]	Number of borrowers	Average LGD	Average maturity	RWA [2]	RWA density [3]	Expected Loss	Provisions
Portfolio Type	**PD Range**	**$M**	**$M**	**%**	**$M**	**%**	**#**	**%**	**Years**	**$M**	**%**	**$M**	**$M**
Corporate - Large	0.00 to <0.15	9,296	9,156	40	12,915	0.07	157	41	2.4	2,995	23	4	
	0.15 to <0.25	15,991	15,044	43	22,527	0.20	350	41	2.5	9,838	44	19	
	0.25 to <0.50	7,741	8,178	47	11,520	0.37	386	42	2.3	7,062	61	18	
	0.50 to <0.75	5,391	3,327	45	6,831	0.55	224	35	2.6	4,676	68	13	
	0.75 to <2.50	6,478	3,423	50	8,048	1.13	366	39	2.4	7,672	95	35	
	2.50 to <10.00	262	368	66	430	5.08	61	38	1.2	548	127	9	
	10.00 to <100.00	128	32	41	141	16.31	5	14	1.2	107	76	4	
	100.00 (Default)	217	18	68	230	100.00	8	49	1.0	–	–	112	
	Sub-total	**45,504**	**39,546**	**44**	**62,642**	**0.80**	**1,557**	**40**	**2.4**	**32,898**	**53**	**214**	**458**
Sovereign	0.00 to <0.15	150,075	2,646	14	149,878	0.02	260	7	3.0	2,547	2	2	
	0.15 to <0.25	208	89	34	238	0.25	145	25	3.9	91	38	–	
	0.25 to <0.50	–	–	42	–	0.37	4	22	1.0	–	24	–	
	0.50 to <0.75	–	–	47	–	0.55	5	29	1.0	–	39	–	
	0.75 to <2.50	43	168	41	111	1.24	5	5	4.2	17	15	–	
	2.50 to <10.00	–	–	50	–	5.80	3	–	1.0	–	–	–	
	10.00 to <100.00	–	–	44	–	25.44	2	26	1.0	–	152	–	
	100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	
	Sub-total	**150,326**	**2,903**	**16**	**150,227**	**0.02**	**424**	**7**	**3.0**	**2,655**	**2**	**2**	**5**

1 Average PD is calculated using EAD at the end of the period.
2 Includes RWA overlays.
3 RWA density is calculated based on unrounded numbers.

Credit Risk (continued)

8.3 Portfolios subject to internal ratings-based approaches (continued)

CR6: IRB – Credit risk exposures by portfolio and PD range (continued)

Subject to FIRB approach		Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post-CCF	Average PD [1]	Number of borrowers	Average LGD	Average maturity	RWA [2]	RWA density [3]	Expected Loss	Provisions
		30 June 2026											
Portfolio Type	PD Range	$M	$M	%	$M	%	#	%	Years	$M	%	$M	$M
Financial institution	0.00 to <0.15	30,010	20,968	32	37,817	0.06	277	48	1.5	9,014	24	11	
	0.15 to <0.25	1,291	1,697	50	2,146	0.18	62	50	1.6	1,078	50	2	
	0.25 to <0.50	464	321	59	654	0.37	34	37	2.7	451	69	1	
	0.50 to <0.75	171	66	72	218	0.55	27	31	2.6	145	66	–	
	0.75 to <2.50	587	169	33	608	1.01	98	33	1.4	474	78	2	
	2.50 to <10.00	48	48	78	85	3.87	21	36	1.2	108	126	1	
	10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
	100.00 (Default)	26	–	100	26	100.00	5	23	1.5	–	–	6	
	Sub-total	**32,597**	**23,269**	**34**	**41,554**	**0.16**	**524**	**48**	**1.5**	**11,270**	**27**	**23**	**34**
Total subject to FIRB approach		**228,427**	**65,718**	**39**	**254,423**	**0.23**	**2,505**	**22**	**2.6**	**46,823**	**18**	**239**	**497**
Total all portfolios		**1,193,837**	**226,648**	**73**	**1,358,449**	**1.52**	**6,725,882**	**21**	**2.3**	**379,028**	**28**	**4,061**	**6,067**

1 Average PD is calculated using EAD at the end of the period.
2 Includes RWA overlays.
3 RWA density is calculated based on unrounded numbers.

Credit Risk (continued)

8.3 Portfolios subject to internal ratings-based approaches (continued)

CR6: IRB – Credit risk exposures by portfolio and PD range (continued)

Subject to AIRB approach		31 December 2025 [1] Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post-CCF	Average PD [2]	Number of borrowers	Average LGD	Average maturity	RWA [3]	RWA density [4]	Expected Loss	Provisions
Portfolio Type	**PD Range**	**$M**	**$M**	**%**	**$M**	**%**	**#**	**%**	**Years**	**$M**	**%**	**$M**	**$M**
Corporate	0.00 to <0.15	6,853	2,124	40	7,665	0.08	218	30	2.9	1,722	22	2	
(incl. SME corporate)	0.15 to <0.25	17,944	3,664	48	19,690	0.21	643	26	2.6	7,237	37	11	
	0.25 to <0.50	18,666	5,134	52	21,310	0.37	1,316	24	2.3	8,338	39	18	
	0.50 to <0.75	18,675	6,128	56	22,094	0.55	3,293	22	1.9	9,406	43	27	
	0.75 to <2.50	86,690	19,769	52	96,854	1.27	20,966	25	1.8	54,769	57	305	
	2.50 to <10.00	20,326	3,190	47	21,829	3.98	8,805	24	1.5	15,079	69	212	
	10.00 to <100.00	2,336	299	47	2,477	26.67	833	27	1.3	3,523	142	179	
	100.00 (Default)	1,659	83	49	1,700	100.00	1,283	31	1.6	1,931	114	643	
	Sub-total	**173,149**	**40,391**	**51**	**193,619**	**2.43**	**37,357**	**25**	**1.9**	**102,005**	**53**	**1,397**	**1,979**
SME retail	0.00 to <0.15	17	487	103	521	0.10	10,497	50		74	14	–	
	0.15 to <0.25	204	748	102	970	0.19	12,930	41		183	19	1	
	0.25 to <0.50	1,205	1,360	101	2,587	0.39	21,561	35		658	25	4	
	0.50 to <0.75	131	–	100	131	0.55	4,898	37		41	31	–	
	0.75 to <2.50	6,823	2,214	101	9,085	1.33	50,671	36		4,300	47	45	
	2.50 to <10.00	3,524	1,406	100	4,952	4.19	60,701	40		3,761	76	77	
	10.00 to <100.00	1,365	157	101	1,531	17.62	7,765	36		1,680	110	104	
	100.00 (Default)	368	22	100	390	100.00	3,049	46		884	227	143	
	Sub-total	**13,637**	**6,394**	**101**	**20,167**	**4.96**	**172,072**	**38**		**11,581**	**57**	**374**	**297**

1 The Number of Borrowers has been updated to exclude contracts with no EAD and RWA. Comparative information has been restated to conform to presentation in current period.
2 Average PD is calculated using EAD at the end of the period.
3 Includes RWA overlays.
4 RWA density is calculated based on unrounded numbers.

Credit Risk (continued)

8.3 Portfolios subject to internal ratings-based approaches (continued)

CR6: IRB – Credit risk exposures by portfolio and PD range (continued)

Subject to AIRB approach		31 December 2025 [1]											
		Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post-CCF	Average PD [2]	Number of borrowers	Average LGD	Average maturity	RWA [3]	RWA density [4]	Expected Loss	Provisions
Portfolio Type	PD Range	$M	$M	%	$M	%	#	%	Years	$M	%	$M	$M
Residential mortgage	0.00 to <0.15	243,751	56,359	100	300,335	0.08	749,714	14		20,084	7	34	
	0.15 to <0.25	108,299	13,232	100	121,542	0.18	301,687	16		12,518	10	34	
	0.25 to <0.50	93,603	7,404	100	101,013	0.34	246,626	17		17,638	17	57	
	0.50 to <0.75	53,376	2,274	100	55,650	0.57	145,238	18		14,948	27	56	
	0.75 to <2.50	98,039	2,370	101	100,430	1.32	267,281	17		45,226	45	230	
	2.50 to <10.00	33,906	160	103	34,072	3.81	95,016	18		29,921	88	237	
	10.00 to <100.00	1,032	5	100	1,037	16.66	3,188	15		1,375	133	27	
	100.00 (Default)	6,149	18	111	6,170	100.00	15,209	20		13,231	214	300	
	Sub-total	**638,155**	**81,822**	**100**	**720,249**	**1.40**	**1,823,959**	**16**		**154,941**	**22**	**975**	**1,817**
Qualifying revolving retail	0.00 to <0.15	3,702	12,526	87	14,607	0.10	1,640,779	85		821	6	12	
	0.15 to <0.25	91	580	65	469	0.19	83,226	81		42	9	1	
	0.25 to <0.50	940	1,969	82	2,560	0.31	345,077	84		364	14	7	
	0.50 to <0.75	–	2	72	2	0.58	138	85		–	24	–	
	0.75 to <2.50	1,845	1,322	94	3,082	1.22	377,722	84		1,254	41	32	
	2.50 to <10.00	1,507	447	93	1,922	5.26	262,579	85		2,153	112	85	
	10.00 to <100.00	184	28	116	217	38.63	41,173	84		453	209	71	
	100.00 (Default)	66	5	83	70	100.00	12,079	85		146	209	49	
	Sub-total	**8,335**	**16,879**	**86**	**22,929**	**1.38**	**2,762,773**	**85**		**5,233**	**23**	**257**	**403**
Other retail	0.00 to <0.15	7	37	100	44	0.09	9,781	88		10	23	–	
	0.15 to <0.25	5	–	103	5	0.18	17	30		1	12	–	
	0.25 to <0.50	322	64	100	386	0.30	32,156	76		171	44	1	
	0.50 to <0.75	441	204	100	645	0.66	138,671	86		507	79	4	
	0.75 to <2.50	4,089	808	100	4,895	1.44	395,763	58		3,590	73	43	
	2.50 to <10.00	2,389	86	100	2,475	4.56	188,744	84		3,326	134	95	
	10.00 to <100.00	620	43	100	663	21.59	292,876	87		1,405	212	125	
	100.00 (Default)	112	1	101	113	100.00	31,500	84		173	153	84	
	Sub-total	**7,985**	**1,243**	**100**	**9,226**	**4.82**	**1,089,508**	**70**		**9,183**	**100**	**352**	**521**

1 The Number of Borrowers has been updated to exclude contracts with no EAD and RWA. Comparative information has been restated to conform to presentation in current period.
2 Average PD is calculated using EAD at the end of the period.
3 Includes RWA overlays.
4 RWA density is calculated based on unrounded numbers.

Credit Risk (continued)

8.3 Portfolios subject to internal ratings-based approaches (continued)

CR6: IRB – Credit risk exposures by portfolio and PD range (continued)

		31 December 2025 [1]											
Subject to AIRB approach		**Original on-balance sheet gross exposure**	**Off-balance sheet exposures pre CCF**	**Average CCF**	**EAD post CRM and post-CCF**	**Average PD [2]**	**Number of borrowers**	**Average LGD**	**Average maturity**	**RWA [3]**	**RWA density [4]**	**Expected Loss**	**Provisions**
Portfolio Type	**PD Range**	**$M**	**$M**	**%**	**$M**	**%**	**#**	**%**	**Years**	**$M**	**%**	**$M**	**$M**
RBNZ regulated entities													
Non-retail	0.00 to <0.15	1,062	636	94	1,659	0.08	75	45	2.0	405	24	1	
	0.15 to <0.25	2,944	1,028	83	3,795	0.21	869	32	1.7	1,186	31	3	
	0.25 to <0.50	3,600	900	86	4,373	0.37	921	28	1.9	1,649	38	4	
	0.50 to <0.75	4,863	900	83	5,608	0.55	1,656	27	1.8	2,520	45	8	
	0.75 to <2.50	10,118	1,815	80	11,569	1.14	4,945	26	1.8	6,080	53	34	
	2.50 to <10.00	1,377	256	79	1,581	4.32	946	31	1.7	1,505	95	22	
	10.00 to <100.00	303	28	72	323	21.44	139	28	1.0	499	154	19	
	100.00 (Default)	240	17	68	252	100.00	114	44	1.1	674	268	76	
	Sub-total	**24,507**	**5,580**	**83**	**29,160**	**1.98**	**9,665**	**29**	**1.8**	**14,518**	**50**	**167**	**271**
RBNZ regulated entities													
Retail	0.00 to <0.15	8,261	4,146	100	12,408	0.15	78,177	15		760	6	3	
	0.15 to <0.25	–	–	–	–	–	–	–		–	–	–	
	0.25 to <0.50	15,460	2,310	100	17,771	0.45	201,967	21		3,243	18	17	
	0.50 to <0.75	11,586	1,094	100	12,680	0.66	104,812	21		3,064	24	17	
	0.75 to <2.50	28,683	1,635	100	30,318	1.22	313,235	23		12,158	40	87	
	2.50 to <10.00	7,205	173	100	7,378	2.96	93,699	26		5,531	75	56	
	10.00 to <100.00	–	–	–	–	–	–	–		–	–	–	
	100.00 (Default)	1,265	12	100	1,277	100.00	9,415	23		2,773	217	101	
	Sub-total	**72,460**	**9,370**	**100**	**81,832**	**2.50**	**801,305**	**21**		**27,529**	**34**	**281**	**212**
Total subject to AIRB approach		**938,228**	**161,679**	**86**	**1,077,182**	**1.78**	**6,696,639**	**20**	**1.9**	**324,990**	**30**	**3,803**	**5,500**

1 The Number of Borrowers has been updated to exclude contracts with no EAD and RWA. Comparative information has been restated to conform to presentation in current period.
2 Average PD is calculated using EAD at the end of the period.
3 Includes RWA overlays.
4 RWA density is calculated based on unrounded numbers.

Credit Risk (continued)

8.3 Portfolios subject to internal ratings-based approaches (continued)

CR6: IRB – Credit risk exposures by portfolio and PD range (continued)

Subject to FIRB approach		31 December 2025 [1]											
		Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post CRM and post-CCF	Average PD [2]	Number of borrowers	Average LGD	Average maturity	RWA [3]	RWA density [4]	Expected Loss	Provisions
Portfolio Type	PD Range	$M	$M	%	$M	%	#	%	Years	$M	%	$M	$M
Corporate - Large	0.00 to <0.15	8,929	9,286	40	12,684	0.08	129	42	2.4	3,062	24	4	
	0.15 to <0.25	12,526	13,058	43	18,132	0.21	328	42	2.3	8,108	45	16	
	0.25 to <0.50	6,572	7,682	46	10,113	0.37	356	44	2.3	6,488	64	16	
	0.50 to <0.75	5,426	2,726	44	6,613	0.55	189	36	2.4	4,507	68	13	
	0.75 to <2.50	5,942	2,588	51	7,136	1.10	351	39	2.5	6,838	96	31	
	2.50 to <10.00	311	409	56	530	4.39	59	38	1.2	662	125	9	
	10.00 to <100.00	138	7	43	141	32.84	2	46	1.0	349	247	22	
	100.00 (Default)	185	17	75	198	100.00	4	48	1.2	–	–	96	
	Sub-total	**40,029**	**35,773**	**44**	**55,547**	**0.84**	**1,418**	**41**	**2.3**	**30,014**	**54**	**207**	**376**
Sovereign	0.00 to <0.15	146,934	3,061	16	146,872	0.02	269	7	2.8	2,427	2	2	
	0.15 to <0.25	243	91	34	274	0.25	129	25	3.3	96	35	–	
	0.25 to <0.50	1	–	70	2	0.37	5	45	0.3	1	39	–	
	0.50 to <0.75	–	–	43	–	0.55	4	34	1.0	–	45	–	
	0.75 to <2.50	–	–	45	–	1.17	6	17	1.0	–	27	–	
	2.50 to <10.00	–	–	50	–	5.80	3	–	1.0	–	–	–	
	10.00 to <100.00	–	–	40	–	31.00	1	50	1.0	–	289	–	
	100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	
	Sub-total	**147,178**	**3,152**	**17**	**147,148**	**0.02**	**417**	**7**	**2.8**	**2,524**	**2**	**2**	**5**

1 The Number of Borrowers has been updated to exclude contracts with no EAD and RWA. Comparative information has been restated to conform to presentation in current period.
2 Average PD is calculated using EAD at the end of the period.
3 Includes RWA overlays.
4 RWA density is calculated based on unrounded numbers.

Credit Risk (continued)

8.3 Portfolios subject to internal ratings-based approaches (continued)

CR6: IRB – Credit risk exposures by portfolio and PD range (continued)

		31 December 2025 [1]											
Subject to FIRB approach		**Original on-balance sheet gross exposure**	**Off-balance sheet exposures pre CCF**	**Average CCF**	**EAD post CRM and post-CCF**	**Average PD [2]**	**Number of borrowers**	**Average LGD**	**Average maturity**	**RWA [3]**	**RWA density [4]**	**Expected Loss**	**Provisions**
Portfolio Type	**PD Range**	**$M**	**$M**	**%**	**$M**	**%**	**#**	**%**	**Years**	**$M**	**%**	**$M**	**$M**
Financial institution	0.00 to <0.15	24,801	21,191	30	31,909	0.06	265	48	1.4	7,476	23	9	
	0.15 to <0.25	987	1,290	52	1,659	0.18	65	51	1.5	870	52	2	
	0.25 to <0.50	341	282	48	475	0.37	23	50	2.7	475	100	1	
	0.50 to <0.75	156	123	72	245	0.55	28	44	2.1	233	95	1	
	0.75 to <2.50	518	252	39	581	1.05	97	30	1.7	455	78	2	
	2.50 to <10.00	22	15	41	28	4.77	19	26	1.5	30	105	–	
	10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	
	100.00 (Default)	3	–	100	3	100.00	1	50	1.0	–	–	1	
	Sub-total	**26,828**	**23,153**	**32**	**34,900**	**0.10**	**498**	**48**	**1.4**	**9,539**	**27**	**16**	**33**
Total subject to FIRB approach		**214,035**	**62,078**	**38**	**237,595**	**0.22**	**2,333**	**21**	**2.5**	**42,077**	**18**	**225**	**414**
Total all portfolios		**1,152,263**	**223,757**	**73**	**1,314,777**	**1.50**	**6,698,972**	**20**	**2.2**	**367,067**	**28**	**4,028**	**5,914**

1 The Number of Borrowers has been updated to exclude contracts with no EAD and RWA. Comparative information has been restated to conform to presentation in current period.
2 Average PD is calculated using EAD at the end of the period.
3 Includes RWA overlays.
4 RWA density is calculated based on unrounded numbers.

8.3 Portfolios subject to internal ratings-based approaches (continued)

CR7: IRB - Effect on RWA of credit derivatives used as CRM techniques

The table below provides a breakdown of IRB credit risk RWAs before and after credit derivatives CRM effects. The table excludes derivative and SFT exposures subject to counterparty credit risk requirements, equity, and securitisation exposures. The use of credit derivatives as a CRM technique has insignificant impact on the Group's RWA.

	30 June 2026	
Portfolio Type	Pre-credit derivatives RWA $M	Actual RWA $M
Subject to AIRB approach		
Corporate (incl. SME corporate)	105,134	105,134
SME retail	12,796	12,796
Residential mortgage	159,139	159,139
Qualifying revolving retail	5,351	5,351
Other retail	9,425	9,425
Total AIRB approach	**291,845**	**291,845**
Subject to FIRB approach		
Corporate - large	32,905	32,898
Sovereign	2,655	2,655
Financial institution	11,270	11,270
Total FIRB approach	**46,830**	**46,823**
Specialised lending	4,834	4,834
RBNZ regulated entities	44,336	44,336
Total	**387,845**	**387,838**

	31 December 2025	
Portfolio Type	Pre-credit derivatives RWA $M	Actual RWA $M
Subject to AIRB approach		
Corporate (incl. SME corporate)	102,005	102,005
SME retail	11,581	11,581
Residential mortgage	154,941	154,941
Qualifying revolving retail	5,233	5,233
Other retail	9,183	9,183
Total AIRB approach	**282,943**	**282,943**
Subject to FIRB approach		
Corporate - large	30,018	30,014
Sovereign	2,524	2,524
Financial institution	9,539	9,539
Total FIRB approach	**42,081**	**42,077**
Specialised lending	4,304	4,304
RBNZ regulated entities	45,943	45,943
Total	**375,271**	**375,267**

8.3 Portfolios subject to internal ratings-based approaches (continued)

CR8: RWA flow statements of credit risk exposures under IRB

The following table summarises the movements of credit RWA under the IRB approach. The table excludes derivative and SFT exposures subject to counterparty credit risk requirements, equity, and securitisation exposures. Details on the key drivers of the movements in credit RWA are provided on page 15.

		RWA amounts			
		Quarter ended		Half year ended	
		30 Jun 26	31 Mar 26	30 Jun 26	31 Dec 25
		$M	$M	$M	$M
1	**RWA as at end of previous reporting period**	**380,081**	375,267	**375,267**	363,693
2	Asset size [1]	**10,111**	7,723	**17,834**	17,274
3	Asset quality	**(1,621)**	(481)	**(2,102)**	(6,513)
4	Model updates	**9**	(65)	**(56)**	5,712
5	Methodology and policy	**–**	(225)	**(225)**	(795)
6	Acquisitions and disposals	**–**	–	**–**	–
7	Foreign exchange movements	**(742)**	(2,138)	**(2,880)**	(4,104)
8	Other	**–**	–	**–**	–
9	**RWA as at end of reporting period**	**387,838**	380,081	**387,838**	375,267

1 Includes organic changes in book size (including origination of new businesses and maturing loans) but excludes changes in book size resulting from acquisition or disposal of entities.

8.3 Portfolios subject to internal ratings-based approaches (continued)

CR9: IRB - Backtesting of probability of default (PD) per portfolio

The table below provides a comparison of the PD used in the Group's IRB models with the effective default rates of the Group's borrowers in order to validate the reliability of PD calculations for exposures. The data is computed for the 12-month period from 1 April 2025 to 31 March 2026 for all portfolio types. The information does not include the impact of RWA overlays and risk floors.

Subject to AIRB approach		External rating equivalent	External rating equivalent	Weighted average PD	Arithmetic average PD by borrowers	Number of borrowers: End of previous year	Number of borrowers: End of the year	Non-performing borrowers in the year	of which: new non-performing borrowers in the year	Average historical annual default rate [2]
Portfolio Type	**PD Range [1]**	**S&P**	**Moodys**	**%**	**%**	**#**	**#**	**#**	**#**	**%**
Corporate (incl. SME corporate)	0.00 to <0.15	AAA to A-	Aaa - A3	0.07	0.08	217	214	–	–	–
	0.15 to <0.25	BBB+ to BBB	Baa1 to Baa2	0.21	0.21	601	681	–	–	0.09
	0.25 to <0.50	BBB-	Baa3	0.37	0.37	1,220	1,280	1	–	0.22
	0.50 to <0.75	BB+	Ba1	0.55	0.55	3,458	3,294	12	–	0.42
	0.75 to <2.50	BB to BB-	Ba2 to Ba3	1.28	1.39	19,548	21,087	96	3	1.05
	2.50 to <10.00	B+ to B-	B1 to B3	3.86	4.04	9,593	8,868	156	3	3.43
	10.00 to <100.00	CCC+ to CCC-	Caa1 to Caa3	27.25	28.14	917	798	207	2	26.34
	100.00 (Default)	D	Ca to C	100.00	100.00	1,191	911			
SME retail	0.00 to <0.15	AAA to A-	Aaa - A3	0.10	0.10	10,125	10,233	12	–	0.11
	0.15 to <0.25	BBB+ to BBB	Baa1 to Baa2	0.19	0.19	12,907	12,763	26	2	0.25
	0.25 to <0.50	BBB-	Baa3	0.39	0.39	21,335	21,324	105	1	0.45
	0.50 to <0.75	BB+	Ba1	0.55	0.55	5,793	4,799	40	–	0.52
	0.75 to <2.50	BB to BB-	Ba2 to Ba3	1.37	1.25	54,152	52,012	745	32	1.05
	2.50 to <10.00	B+ to B-	B1 to B3	4.43	3.30	66,187	60,575	1,704	33	2.79
	10.00 to <100.00	CCC+ to CCC-	Caa1 to Caa3	17.67	19.48	8,607	8,897	1,391	22	16.61
	100.00 (Default)	D	Ca to C	100.00	100.00	2,790	3,201			
Residential mortgage	0.00 to <0.15	AAA to A-	Aaa - A3	0.07	0.07	725,550	750,156	827	25	0.07
	0.15 to <0.25	BBB+ to BBB	Baa1 to Baa2	0.18	0.18	295,632	302,426	853	21	0.16
	0.25 to <0.50	BBB-	Baa3	0.34	0.34	243,650	246,822	1,123	42	0.28
	0.50 to <0.75	BB+	Ba1	0.57	0.57	149,036	144,513	1,165	36	0.45
	0.75 to <2.50	BB to BB-	Ba2 to Ba3	1.36	1.37	285,111	262,005	4,191	55	1.05
	2.50 to <10.00	B+ to B-	B1 to B3	3.77	3.89	105,130	88,143	2,943	–	2.71
	10.00 to <100.00	CCC+ to CCC-	Caa1 to Caa3	16.66	16.66	2,762	2,484	339	–	13.25
	100.00 (Default)	D	Ca to C	100.00	100.00	14,011	14,346			

1 The Group's internal PD grades have been mapped to the fixed PD ranges defined for disclosure, with the midpoints of the grades sitting within the range.

2 The average historical default rate is calculated using available data from 2014 for retail portfolios and from 2016 for non-retail and RBNZ portfolios, based on the relevant regulatory standards at the time.

Credit Risk (continued)

8.3 Portfolios subject to internal ratings-based approaches (continued)

CR9: IRB - Backtesting of probability of default (PD) per portfolio (continued)

Subject to AIRB approach		External rating equivalent	External rating equivalent	Weighted average PD	Arithmetic average PD by borrowers	Number of borrowers: End of previous year	Number of borrowers: End of the year	Non-performing borrowers in the year	of which: new non-performing borrowers in the year	Average historical annual default rate [2]
Portfolio Type	PD Range [1]	S&P	Moodys	%	%	#	#	#	#	%
Qualifying revolving retail	0.00 to <0.15	AAA to A-	Aaa - A3	0.10	0.10	1,610,654	1,639,041	1,140	8	0.11
	0.15 to <0.25	BBB+ to BBB	Baa1 to Baa2	0.19	0.19	78,928	81,372	126	11	0.16
	0.25 to <0.50	BBB-	Baa3	0.31	0.31	353,227	340,703	1,255	50	0.30
	0.50 to <0.75	BB+	Ba1	0.59	0.60	4,983	2,394	38	15	0.40
	0.75 to <2.50	BB to BB-	Ba2 to Ba3	1.23	1.23	386,629	387,096	4,716	492	0.92
	2.50 to <10.00	B+ to B-	B1 to B3	5.28	5.63	257,614	258,517	16,410	1,500	5.03
	10.00 to <100.00	CCC+ to CCC-	Caa1 to Caa3	33.21	35.75	25,577	26,223	8,538	53	25.67
	100.00 (Default)	D	Ca to C	100.00	100.00	12,423	12,301			
Other retail [3]	0.00 to <0.15	AAA to A-	Aaa - A3	0.09	0.10	10,086	9,617	9	–	0.10
	0.15 to <0.25	BBB+ to BBB	Baa1 to Baa2	0.18	0.19	14	13	1	–	0.95
	0.25 to <0.50	BBB-	Baa3	0.30	0.32	31,000	32,478	68	8	0.21
	0.50 to <0.75	BB+	Ba1	0.66	0.66	140,430	138,338	648	63	0.52
	0.75 to <2.50	BB to BB-	Ba2 to Ba3	1.43	1.61	392,726	398,691	4,725	814	1.18
	2.50 to <10.00	B+ to B-	B1 to B3	4.57	4.44	188,307	189,145	7,777	1,793	3.14
	10.00 to <100.00	CCC+ to CCC-	Caa1 to Caa3	21.42	17.80	288,746	292,812	67,535	35,675	16.04
	100.00 (Default)	D	Ca to C	100.00	100.00	20,795	23,350			
Specialised lending	0.00 to <0.15	AAA to A-	Aaa - A3	0.06	0.06	7	4	–	–	1.86
	0.15 to <0.25	BBB+ to BBB	Baa1 to Baa2	0.23	0.21	17	15	–	–	–
	0.25 to <0.50	BBB-	Baa3	0.37	0.37	14	12	–	–	–
	0.50 to <0.75	BB+	Ba1	0.55	0.55	19	15	–	–	–
	0.75 to <2.50	BB to BB-	Ba2 to Ba3	1.09	1.16	26	25	–	–	1.30
	2.50 to <10.00	B+ to B-	B1 to B3	3.89	3.45	8	9	–	–	3.46
	10.00 to <100.00	CCC+ to CCC-	Caa1 to Caa3	15.21	15.21	1	1	–	–	26.52
	100.00 (Default)	D	Ca to C	100.00	100.00	2	2			

1 The Group's internal PD grades have been mapped to the fixed PD ranges defined for disclosure, with the midpoints of the grades sitting within the range.
2 The average historical default rate is calculated using available data from 2014 for retail portfolios and from 2016 for non-retail and RBNZ portfolios, based on the relevant regulatory standards at the time.
3 Includes borrowers with newly funded transaction accounts that became non-performing due to being overdrawn during the observation period.

8.3 Portfolios subject to internal ratings-based approaches (continued)

CR9: IRB - Backtesting of probability of default (PD) per portfolio (continued)

Subject to AIRB approach		External rating equivalent	External rating equivalent	Weighted average PD	Arithmetic average PD by borrowers	Number of borrowers: End of previous year	Number of borrowers: End of the year	Non-performing borrowers in the year	of which: new non-performing borrowers in the year	Average historical annual default rate [2]
Portfolio Type	**PD Range [1]**	**S&P**	**Moodys**	**%**	**%**	**#**	**#**	**#**	**#**	**%**
RBNZ regulated entities										
Non-retail	0.00 to <0.15	AAA to A-	Aaa - A3	0.07	0.07	64	71	–	–	0.64
	0.15 to <0.25	BBB+ to BBB	Baa1 to Baa2	0.21	0.21	682	1,017	–	–	0.10
	0.25 to <0.50	BBB-	Baa3	0.37	0.37	806	1,037	1	–	0.07
	0.50 to <0.75	BB+	Ba1	0.55	0.55	1,522	1,808	–	–	0.47
	0.75 to <2.50	BB to BB-	Ba2 to Ba3	1.14	1.21	5,035	5,413	23	–	0.67
	2.50 to <10.00	B+ to B-	B1 to B3	4.24	4.12	995	1,287	18	–	2.56
	10.00 to <100.00	CCC+ to CCC-	Caa1 to Caa3	21.03	22.16	142	173	10	–	15.40
	100.00 (Default)	D	Ca to C	100.00	100.00	108	124			
Retail	0.00 to <0.15	AAA to A-	Aaa - A3	0.15	0.15	72,690	77,352	302	6	0.22
	0.15 to <0.25	BBB+ to BBB	Baa1 to Baa2	–	–	–	–	–	–	0.16
	0.25 to <0.50	BBB-	Baa3	0.45	0.39	194,394	202,743	1,373	3	0.37
	0.50 to <0.75	BB+	Ba1	0.66	0.66	102,486	105,116	1,126	11	0.53
	0.75 to <2.50	BB to BB-	Ba2 to Ba3	1.22	1.31	302,224	319,033	5,742	57	0.70
	2.50 to <10.00	B+ to B-	B1 to B3	2.97	3.20	103,081	89,967	3,489	27	2.43
	10.00 to <100.00	CCC+ to CCC-	Caa1 to Caa3	–	–	–	–	–	–	4.35
	100.00 (Default)	D	Ca to C	100.00	100.00	11,002	8,299			

1 The Group's internal PD grades have been mapped to the fixed PD ranges defined for disclosure, with the midpoints of the grades sitting within the range.
2 The average historical default rate is calculated using available data from 2014 for retail portfolios and from 2016 for non-retail and RBNZ portfolios, based on the relevant regulatory standards at the time.

8.3 Portfolios subject to internal ratings-based approaches (continued)

CR9: IRB - Backtesting of probability of default (PD) per portfolio (continued)

Subject to FIRB approach		External rating equivalent	External rating equivalent	Weighted average PD	Arithmetic average PD by borrowers	Number of borrowers		Non-performing borrowers in the year	of which: new non-performing borrowers in the year	Average historical annual default rate [2]
						End of previous year	End of the year			
Portfolio Type	PD Range [1]	S&P	Moodys	%	%	#	#	#	#	%
Corporate - Large	0.00 to <0.15	AAA to A-	Aaa - A3	0.07	0.07	128	169	–	–	0.10
	0.15 to <0.25	BBB+ to BBB	Baa1 to Baa2	0.21	0.21	292	310	–	–	0.03
	0.25 to <0.50	BBB-	Baa3	0.37	0.37	315	341	–	–	0.16
	0.50 to <0.75	BB+	Ba1	0.55	0.55	193	240	–	–	0.25
	0.75 to <2.50	BB to BB-	Ba2 to Ba3	1.02	1.13	313	344	–	–	1.17
	2.50 to <10.00	B+ to B-	B1 to B3	3.89	4.34	98	63	–	–	2.52
	10.00 to <100.00	CCC+ to CCC-	Caa1 to Caa3	19.09	17.52	4	2	–	–	38.63
	100.00 (Default)	D	Ca to C	100.00	100.00	4	4			
Sovereign	0.00 to <0.15	AAA to A-	Aaa - A3	0.02	0.03	271	269	–	–	0.03
	0.15 to <0.25	BBB+ to BBB	Baa1 to Baa2	0.25	0.24	114	131	–	–	–
	0.25 to <0.50	BBB-	Baa3	0.37	0.37	3	5	–	–	–
	0.50 to <0.75	BB+	Ba1	0.55	0.55	5	4	–	–	–
	0.75 to <2.50	BB to BB-	Ba2 to Ba3	1.82	1.75	12	5	–	–	–
	2.50 to <10.00	B+ to B-	B1 to B3	5.05	5.05	2	3	–	–	–
	10.00 to <100.00	CCC+ to CCC-	Caa1 to Caa3	31.00	31.00	–	1	–	–	–
	100.00 (Default)	D	Ca to C	100.00	100.00	–	–			
Financial institution	0.00 to <0.15	AAA to A-	Aaa - A3	0.06	0.06	336	379	–	–	–
	0.15 to <0.25	BBB+ to BBB	Baa1 to Baa2	0.20	0.22	92	108	–	–	–
	0.25 to <0.50	BBB-	Baa3	0.37	0.37	21	28	–	–	0.45
	0.50 to <0.75	BB+	Ba1	0.55	0.55	32	24	–	–	1.09
	0.75 to <2.50	BB to BB-	Ba2 to Ba3	0.99	1.13	108	125	1	–	1.56
	2.50 to <10.00	B+ to B-	B1 to B3	4.04	4.81	18	25	–	–	2.15
	10.00 to <100.00	CCC+ to CCC-	Caa1 to Caa3	–	–	–	–	–	–	19.55
	100.00 (Default)	D	Ca to C	100.00	100.00	5	2			

1 The Group's internal PD grades have been mapped to the fixed PD ranges defined for disclosure, with the midpoints of the grades sitting within the range.

2 The average historical default rate is calculated using available data from 2014 for retail portfolios and from 2016 for non-retail and RBNZ portfolios, based on the relevant regulatory standards at the time.

8.4 Credit risk mitigation

CRC: Qualitative disclosure related to credit risk mitigation techniques

Credit risk can be partly mitigated by obtaining collateral, guarantees or other forms of credit enhancements.

Collateral

The Group maintains policies, standards and procedures that establish the types of collateral eligible for credit risk mitigation purposes including requirements relating to valuations, review frequencies and applicable security lending margins. The nature of collateral, its assessed value and the associated security lending margins are key factors in determining the LGD assigned to a credit risk exposure.

The principal forms of collateral accepted by the Group include:

- charges over property (including residential, commercial and rural);
- charges over a company's assets;
- charges over assets being financed (e.g. vehicles, equipment);
- cash (usually in the form of a charge over a term deposit); and
- other liquid assets (e.g. bonds, shares, investment funds).

The Group only rely on collateral values where there is sufficient confidence in the quality, enforceability and ongoing management of the collateral arrangements. This includes consideration of:

- clear identification of the collateral and verification of ownership;
- independent or otherwise approved valuation approaches that reflect current market conditions;
- periodic monitoring and updating of collateral values where appropriate;
- legally enforceable rights and effective recourse to the collateral;
- the ability to realise or take possession of collateral in a timely manner if required;
- appropriate insurance coverage over the life of the credit exposure;
- the impact of any prior ranking claims on collateral values; and
- relevant environmental risks associated with the collateral.

Other forms of credit risk mitigation

The Group mitigates its credit exposure through entering into netting arrangements with counterparties that meet internal and regulatory eligibility requirements. Where legally enforceable netting arrangements are in place, credit risk can be reduced by netting provisions under which, in an event of default, all transactions and amounts due between the Group entity and the counterparty are terminated and settled on a net basis.

The Group further mitigates its counterparty credit risk exposure from transacting in Markets type products through the use of margining arrangements and by clearing eligible trades through Central Counterparties (CCPs).

Other forms of credit risk mitigation include Credit Risk Mitigation Instruments (CRMI) to either reduce or transfer credit risk. CRMIs may include, but are not limited to, credit-linked notes, credit insurance and purchasing credit derivatives (e.g. credit default swaps) and/or guarantees from highly rated banks, corporates or credit insurers. To be recognised as an eligible CRMI, several conditions must be met, such as, the CRMI is fully documented, contractually binding and legally enforceable; it provides a direct claim on the CRMI provider; it is irrevocable; and clearly defines the covered exposure and amount of protection.

Portfolio Management

The Group applies a Board approved Large Credit Exposure Policy (LCEP). This policy governs the authority of management with regards to the amount of credit provided to any single counterparty, or group of connected 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 connected counterparties. The LCEP is reviewed annually.

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

Management reports to the ELT Financial Risk Committee and the Board Risk & Compliance Committee at least four times a year, on:

- all single counterparties or groups of connected counterparties with limits greater than the LCEP limits; and
- the 20 largest exposure groups on a Total Committed Exposure basis (i.e. committed limits plus utilised uncommitted limits) for Financial Institution and Government groups, and Commercial customer groups.

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

Credit risk concentration limits are in place to assist with portfolio diversification and prevent over-concentration to industries or countries. Periodic stress tests of major credit risk concentrations are conducted to identify potential impacts to the credit portfolio's performance from changes in market conditions (such as changes in interest rates, droughts, etc.). Action is taken where necessary to reduce the severity of losses.

8.4 Credit risk mitigation (continued)

CR3: Credit risk mitigation techniques overview

The table below provides a breakdown of loans and advances and debt securities by different credit risk mitigation techniques. Amounts presented are net of provisions for credit losses.

	30 June 2026				
	Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by collateral	Exposures secured by financial guarantees [1]	Exposures secured by credit derivatives
	$M	$M	$M	$M	$M
1 Loans	71,126	984,309	983,219	1,090	–
2 Debt securities	115,295	1,517	1,517	–	–
3 Total	**186,421**	**985,826**	**984,736**	**1,090**	**–**
4 Of which non-performing	116	9,289	9,289	–	–

1 Includes $1,063 million of financial guarantees provided by financial institutions and $27 million provided by sovereign counterparties.

	31 December 2025				
	Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by collateral	Exposures secured by financial guarantees [1]	Exposures secured by credit derivatives
	$M	$M	$M	$M	$M
1 Loans	65,954	951,846	951,127	719	–
2 Debt securities	107,825	1,315	1,315	–	–
3 Total	**173,779**	**953,161**	**952,442**	**719**	**–**
4 Of which non-performing	131	8,613	8,613	–	–

1 Includes $684 million of financial guarantees provided by financial institutions and $35 million provided by sovereign counterparties.

9 Counterparty Credit Risk

CCRA: Qualitative disclosure related to CCR

Definition

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 derivatives, exchange-traded derivatives, securities financing transactions (SFTs) or long settlement transactions. An economic loss would occur if the transaction or a portfolio of transactions, including collateral, 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 counterparty 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 of CCR transactions varies over time with the movement in the underlying market factors. The exposure to CCR arises from both bilateral transactions and transactions cleared through central counterparties (CCPs).

CCR management

CCR exposure for derivatives and SFTs is measured as Potential Future Exposure (PFE) which is modelled internally. CCR limits are set based on an assessment of counterparty risk, available risk mitigation techniques, product type, tenor and other factors. Limits are approved by delegated authority holders. The Group utilises various techniques to reduce or mitigate CCR. This includes central clearing through CCPs and the use of master netting agreements and margining or collateralisation arrangements. Netting and margining arrangements for derivatives are generally documented under an ISDA Master Agreement with a Credit Support Annex (CSA), while the Global Master Repurchase Agreement (GMRA) or Global Master Securities Lending Agreement (GMSLA) is generally used for SFTs. Margining arrangements lower the risk that arises from market movements by requiring the counterparty or the Group to post collateral to cover changes in mark-to-market valuations.

Wrong-way risk

Wrong-way risk occurs when a counterparty's exposures are adversely correlated with its credit quality. There are two types of wrong-way risk:

- general wrong-way risk arises when the counterparty's probability of default (PD) 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.

The Group requires the business to obtain prior approval before undertaking wrong-way risk transactions outside pre-agreed guidelines.

The Group monitors for transactions with specific wrong-way risk while general wrong-way risk is monitored through modelling at the portfolio level.

Credit rating downgrade

The Group has a number of credit rating dependent agreements in relation to CCR transactions that could trigger collateral posting requirements in the event of a credit rating downgrade. The Group monitors collateral that it may be required to post in relation to credit rating dependent agreements.

As at 30 June 2026, a one-notch downgrade in the Group's rating would have resulted in a further $16.8 million of collateral being posted to other counterparties, and a two-notch downgrade would have resulted in an additional $192.4 million collateral being posted by the Group.

CCR1: Analysis of CCR exposures by approach

The table below provides the capital requirements for CCR exposures by approach. The table excludes exposures to central counterparties (CCPs). Exposures to CCPs are disclosed in table CCR8.

		30 June 2026				
		Replacement cost	Potential future exposure	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
		$M	$M		$M	$M
1	SA-CCR (for derivatives)	5,623	12,227	1.4	24,936	6,442
	Current exposure method (for derivatives)				64	64
4	Comprehensive Approach for credit risk mitigation (for SFTs)				5,506	681
	RBNZ regulated entities [1]				504	191
6	**Total**					**7,378**

1 Includes $440 million of EAD and $178 million of RWA in relation to CCR derivative exposures under the current exposure method and $64 million of EAD and $13 million of RWA in relation to CCR SFT exposures under the comprehensive approach for credit risk mitigation.

		31 December 2025				
		Replacement cost	Potential future exposure	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
		$M	$M		$M	$M
1	SA-CCR (for derivatives)	4,966	11,335	1.4	22,752	6,399
	Current exposure method (for derivatives)				50	50
4	Comprehensive Approach for credit risk mitigation (for SFTs)				3,978	453
	RBNZ regulated entities [1]				411	182
6	**Total**					**7,084**

1 Includes $373 million of EAD and $175 million of RWA in relation to CCR derivative exposures under the current exposure method and $38 million of EAD and $7 million of RWA in relation to CCR SFT exposures under the comprehensive approach for credit risk mitigation.

CCR3: Standardised approach – CCR exposures by regulatory portfolio and risk weights

The table below provides a breakdown of CCR exposures subject to the standardised approach by portfolio and risk weight. The table excludes exposures cleared through CCPs.

	30 June 2026								
	Risk weight								
	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure
Portfolio Type	$M	$M	$M	$M	$M	$M	$M	$M	$M
Corporate (incl. SME corporate)	–	–	–	–	–	8	–	–	8
Sovereign	–	–	–	–	–	1	–	–	1
SME retail	–	–	–	–	–	69	–	–	69
Residential mortgage	–	–	–	–	–	–	–	–	–
Other retail	–	–	–	–	–	–	–	–	–
Other assets [1]	–	–	–	–	–	–	–	–	–
RBNZ regulated entities	8	–	210	103	–	34	–	–	355
Total	**8**	**–**	**210**	**103**	**–**	**112**	**–**	**–**	**433**

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

	31 December 2025								
	Risk weight								
	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure
Portfolio Type	$M	$M	$M	$M	$M	$M	$M	$M	$M
Corporate (incl. SME corporate)	–	–	–	–	–	1	–	–	1
Sovereign	–	–	–	–	–	–	–	–	–
SME retail	–	–	–	–	–	51	–	–	51
Residential mortgage	–	–	–	–	–	–	–	–	–
Other retail	–	–	–	–	–	–	–	–	–
Other assets [1]	–	–	–	–	–	–	–	–	–
RBNZ regulated entities	4	–	138	131	–	1	–	–	274
Total	**4**	**–**	**138**	**131**	**–**	**53**	**–**	**–**	**326**

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

CCR4: IRB – CCR exposures by portfolio and probability of default (PD) scale

The table below provides key parameters used in the calculation of capital requirements for CCR exposures under the IRB approach broken down by portfolio and PD range. The table excludes exposures cleared through CCPs.

		30 June 2026						
Subject to AIRB approach		**EAD post-CRM**	**Average PD**	**Number of borrowers**	**Average LGD**	**Average maturity**	**RWA**	**RWA density [1]**
Portfolio Type	**PD scale**	**$M**	**%**	**#**	**%**	**Years**	**$M**	**%**
Corporate (incl. SME corporate)								
	0.00 to <0.15	180	0.07	46	37	3.2	48	27
	0.15 to <0.25	186	0.21	113	37	2.2	80	43
	0.25 to <0.50	134	0.37	142	32	2.3	61	46
	0.50 to <0.75	92	0.55	162	42	2.0	64	69
	0.75 to <2.50	280	1.17	582	41	1.3	228	81
	2.50 to <10.00	45	3.16	133	45	1.1	55	122
	10.00 to <100.00	3	21.05	23	45	1.0	6	219
	100.00 (Default)	–	100.00	2	21	1.0	1	289
	Sub-total	**920**	**0.76**	**1,203**	**38**	**2.1**	**543**	**59**
SME retail								
	0.00 to <0.15	–	–	–	–		–	–
	0.15 to <0.25	–	–	–	–		–	–
	0.25 to <0.50	1	0.39	62	56		–	45
	0.50 to <0.75	–	–	–	–		–	–
	0.75 to <2.50	2	1.10	65	57		2	75
	2.50 to <10.00	1	4.40	26	63		1	109
	10.00 to <100.00	–	11.99	2	61		–	128
	100.00 (Default)	–	–	–	–		–	–
	Sub-total	**4**	**1.75**	**155**	**58**		**3**	**75**
RBNZ regulated entities								
	0.00 to <0.15	8	0.07	15	52	3.0	3	35
	0.15 to <0.25	42	0.18	52	40	1.9	14	34
	0.25 to <0.50	39	0.37	46	47	1.9	24	60
	0.50 to <0.75	13	0.55	67	38	1.6	7	54
	0.75 to <2.50	24	1.11	158	40	1.4	18	74
	2.50 to <10.00	12	5.41	29	30	1.3	12	104
	10.00 to <100.00	1	17.88	7	51	1.1	2	258
	100.00 (Default)	–	100.00	3	33	1.0	–	94
	Sub-total	**139**	**1.00**	**377**	**42**	**1.8**	**80**	**58**
Total subject to AIRB approach		**1,063**	**0.85**	**1,735**	**39**	**2.0**	**626**	**59**

1 RWA density is calculated based on unrounded numbers.

CCR4: IRB - CCR exposures by portfolio and probability of default (PD) scale (continued)

		30 June 2026						
Subject to FIRB approach		EAD post-CRM	Average PD	Number of borrowers	Average LGD	Average maturity	RWA	RWA density [1]
Portfolio Type	PD scale	$M	%	#	%	Years	$M	%
Corporate - Large								
	0.00 to <0.15	1,617	0.07	67	47	1.6	333	21
	0.15 to <0.25	2,532	0.22	126	48	1.9	1,166	46
	0.25 to <0.50	353	0.37	68	47	1.5	198	56
	0.50 to <0.75	107	0.55	34	57	1.1	82	77
	0.75 to <2.50	211	1.15	45	49	1.2	202	96
	2.50 to <10.00	12	6.09	7	50	1.0	21	172
	10.00 to <100.00	107	19.28	1	50	3.2	319	299
	100.00 (Default)	–	–	–	–	–	–	–
	Sub-total	**4,939**	**0.65**	**348**	**48**	**1.8**	**2,321**	**47**
Sovereign								
	0.00 to <0.15	4,864	0.02	43	10	1.2	89	2
	0.15 to <0.25	6	0.15	1	50	0.3	1	23
	0.25 to <0.50	23	0.37	2	50	0.2	10	42
	0.50 to <0.75	–	–	–	–	–	–	–
	0.75 to <2.50	–	–	–	–	–	–	–
	2.50 to <10.00	–	–	–	–	–	–	–
	10.00 to <100.00	–	–	–	–	–	–	–
	100.00 (Default)	–	–	–	–	–	–	–
	Sub-total	**4,893**	**0.02**	**46**	**10**	**1.2**	**100**	**2**
Financial institution								
	0.00 to <0.15	18,446	0.05	551	51	0.8	3,218	17
	0.15 to <0.25	872	0.19	159	64	1.1	548	63
	0.25 to <0.50	126	0.37	26	61	1.2	113	90
	0.50 to <0.75	5	0.55	2	55	1.0	5	97
	0.75 to <2.50	67	1.00	46	51	0.3	66	98
	2.50 to <10.00	40	3.86	39	53	0.3	70	175
	10.00 to <100.00	11	15.21	3	51	1.0	31	295
	100.00 (Default)	–	–	–	–	–	–	–
	Sub-total	**19,567**	**0.08**	**826**	**52**	**0.8**	**4,051**	**21**
Total subject to FIRB approach		**29,399**	**0.17**	**1,220**	**44**	**1.0**	**6,472**	**22**
All Portfolios		**30,462**	**0.19**	**2,955**	**44**	**1.0**	**7,098**	**23**

1 RWA density is calculated based on unrounded numbers.

Counterparty Credit Risk (continued)

CCR4: IRB - CCR exposures by portfolio and probability of default (PD) scale (continued)

Subject to AIRB approach		31 December 2025						
		EAD post-CRM	Average PD	Number of borrowers	Average LGD	Average maturity	RWA	RWA density [1]
Portfolio Type	PD scale	$M	%	#	%	Years	$M	%
Corporate (incl. SME corporate)								
	0.00 to <0.15	148	0.07	47	37	3.2	40	27
	0.15 to <0.25	151	0.20	108	36	2.1	60	40
	0.25 to <0.50	197	0.37	138	33	2.5	101	51
	0.50 to <0.75	100	0.55	167	41	1.7	67	67
	0.75 to <2.50	277	1.20	544	40	1.4	228	82
	2.50 to <10.00	31	4.53	124	42	1.0	38	124
	10.00 to <100.00	5	17.20	7	49	1.0	10	208
	100.00 (Default)	1	100.00	5	34	1.0	1	263
	Sub-total	**910**	**0.88**	**1,140**	**38**	**2.1**	**545**	**60**
SME retail								
	0.00 to <0.15	–	–	–	–		–	–
	0.15 to <0.25	–	0.19	2	65		–	30
	0.25 to <0.50	1	0.39	64	60		–	43
	0.50 to <0.75	–	–	–	–		–	–
	0.75 to <2.50	2	1.07	63	53		1	63
	2.50 to <10.00	1	5.08	13	65		1	109
	10.00 to <100.00	–	11.11	1	65		–	127
	100.00 (Default)	–	–	–	–		–	–
	Sub-total	**4**	**1.90**	**143**	**58**		**2**	**50**
RBNZ regulated entities								
	0.00 to <0.15	7	0.09	14	48	2.6	2	31
	0.15 to <0.25	20	0.23	34	51	1.8	9	46
	0.25 to <0.50	43	0.37	48	46	2.0	26	60
	0.50 to <0.75	15	0.55	67	34	1.8	8	50
	0.75 to <2.50	27	1.02	153	37	1.8	19	71
	2.50 to <10.00	10	4.06	28	26	1.4	8	84
	10.00 to <100.00	3	15.21	3	21	1.8	3	111
	100.00 (Default)	–	100.00	2	50	1.0	2	615
	Sub-total	**125**	**1.15**	**349**	**42**	**1.9**	**77**	**62**
Total subject to AIRB approach		**1,039**	**0.96**	**1,632**	**38**	**2.1**	**624**	**60**

1 RWA density is calculated based on unrounded numbers.

CCR4: IRB - CCR exposures by portfolio and probability of default (PD) scale (continued)

		31 December 2025						
Subject to FIRB approach		EAD post-CRM	Average PD	Number of borrowers	Average LGD	Average maturity	RWA	RWA density [1]
Portfolio Type	PD scale	$M	%	#	%	Years	$M	%
Corporate - Large								
	0.00 to <0.15	1,345	0.07	62	47	1.7	293	22
	0.15 to <0.25	2,500	0.22	122	50	1.9	1,217	49
	0.25 to <0.50	404	0.37	66	51	1.3	236	58
	0.50 to <0.75	120	0.55	25	54	1.3	92	77
	0.75 to <2.50	155	1.13	36	53	1.3	162	105
	2.50 to <10.00	10	5.15	7	50	1.0	16	162
	10.00 to <100.00	120	19.28	1	50	3.5	363	302
	100.00 (Default)	–	–	–	–	–	–	–
	Sub-total	**4,654**	**0.73**	**319**	**50**	**1.8**	**2,379**	**51**
Sovereign								
	0.00 to <0.15	4,492	0.02	42	9	1.3	75	2
	0.15 to <0.25	48	0.15	1	50	0.2	11	22
	0.25 to <0.50	81	0.37	2	50	0.2	34	42
	0.50 to <0.75	–	–	–	–	–	–	–
	0.75 to <2.50	–	–	–	–	–	–	–
	2.50 to <10.00	–	–	–	–	–	–	–
	10.00 to <100.00	–	–	–	–	–	–	–
	100.00 (Default)	–	–	–	–	–	–	–
	Sub-total	**4,621**	**0.02**	**45**	**10**	**1.3**	**120**	**3**
Financial institution								
	0.00 to <0.15	15,268	0.05	546	52	0.8	2,802	18
	0.15 to <0.25	978	0.20	149	66	1.4	697	71
	0.25 to <0.50	117	0.37	24	59	1.4	104	89
	0.50 to <0.75	9	0.55	4	56	1.1	9	102
	0.75 to <2.50	60	1.07	59	50	0.2	52	88
	2.50 to <10.00	24	2.92	15	61	0.5	47	188
	10.00 to <100.00	11	15.21	5	51	1.0	34	296
	100.00 (Default)	–	–	–	–	–	–	–
	Sub-total	**16,467**	**0.09**	**802**	**53**	**0.8**	**3,745**	**23**
Total subject to FIRB approach		**25,742**	**0.19**	**1,166**	**44**	**1.1**	**6,244**	**24**
All Portfolios		**26,781**	**0.22**	**2,798**	**44**	**1.1**	**6,868**	**26**

1 RWA density is calculated based on unrounded numbers.

CCR5: Composition of collateral for CCR exposures

The table below provides information about collateral posted or received by the Group to support or reduce the CCR exposures related to derivative transactions and SFTs, including transactions cleared through CCPs.

	30 June 2026					
	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
	$M	$M	$M	$M	$M	$M
Cash – domestic currency	–	720	–	721	28,118	61,154
Cash – other currencies	–	5,513	–	4,447	62,598	50,265
Domestic sovereign debt	–	13	162	–	32,785	18,264
Domestic semi government	–	–	–	50	23,095	8,521
Other sovereign debt	–	386	3,263	599	43,370	56,393
Government agency debt	–	26	–	–	4,254	4,522
Corporate bonds	–	–	–	–	14,272	17,261
Equity securities	–	–	–	–	779	–
Other collateral	–	57	–	–	8,453	8,480
Total	**–**	**6,715**	**3,425**	**5,817**	**217,724**	**224,860**

	31 December 2025 [1]					
	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
	$M	$M	$M	$M	$M	$M
Cash – domestic currency	–	242	–	1,157	26,542	68,002
Cash – other currencies	–	3,800	–	5,806	67,794	56,172
Domestic sovereign debt	–	17	101	–	42,649	18,255
Domestic semi government	–	–	–	112	19,844	7,309
Other sovereign debt	121	171	2,751	14	52,610	60,420
Government agency debt	–	–	–	–	3,821	6,011
Corporate bonds	–	–	–	–	11,486	13,645
Equity securities	–	–	–	–	786	–
Other collateral	–	–	–	–	4,559	5,803
Total	**121**	**4,230**	**2,852**	**7,089**	**230,091**	**235,617**

1 During the year ended 30 June 2026, the Group has adjusted its approach to calculating collateral fair values for SFTs for the purpose of disclosures in CCR5 by applying only security haircuts at the individual collateral position level and excluding currency mismatch haircut. This is to provide a clearer and more consistent representation of the economic value of SFT collateral. Comparative information has been restated to conform to presentation in current period.

CCR6: Credit derivatives exposures

The table below shows the Group's exposures to credit derivative transactions.

	30 June 2026	
	Protection bought $M	Protection sold $M
Notionals		
Single-name credit default swaps	305	240
Index credit default swaps	2,647	799
Total return swaps	–	–
Credit options	–	–
Other credit derivatives	–	–
Total notionals	**2,952**	**1,039**
Fair values		
Positive fair value (asset)	–	22
Negative fair value (liability)	(62)	–

	31 December 2025	
	Protection bought $M	Protection sold $M
Notionals		
Single-name credit default swaps	164	22
Index credit default swaps	2,685	785
Total return swaps	–	–
Credit options	–	–
Other credit derivatives	–	–
Total notionals	**2,849**	**807**
Fair values		
Positive fair value (asset)	–	15
Negative fair value (liability)	(60)	–

Counterparty Credit Risk (continued)

CCR8: Exposures to central counterparties

The table below provides a breakdown of exposures and RWA related to the Group's exposure to CCPs.

		30 June 2026	
		EAD (post-CRM) $M	RWA $M
1	**Exposures to QCCPs (total)**		**202**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	2,297	61
3	(i) OTC derivatives	1,584	38
4	(ii) Exchange-traded derivatives	697	23
5	(iii) Securities financing transactions	16	–
6	(iv) Netting sets where cross-product netting has been approved	–	–
7	Segregated initial margin [1]	2,493	
8	Non-segregated initial margin	1,456	46
9	Pre-funded default fund contributions	113	95
10	Unfunded default fund contributions [2]	351	–
11	**Exposures to non-QCCPs (total)**		**–**
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	–	–
13	(i) OTC derivatives	–	–
14	(ii) Exchange-traded derivatives	–	–
15	(iii) Securities financing transactions	–	–
16	(iv) Netting sets where cross-product netting has been approved	–	–
17	Segregated initial margin	–	
18	Non-segregated initial margin	–	–
19	Pre-funded default fund contributions	–	–
20	Unfunded default fund contributions	–	–

1 Segregated initial margin is excluded from exposure calculations, as outlined in APS 180 *Capital Adequacy: Counterparty Credit Risk*.
2 Unfunded default fund is excluded from exposure calculations under APS180 *Capital Adequacy: Counterparty Credit Risk*.

CCR8: Exposures to central counterparties (continued)

		31 December 2025	
		EAD (post-CRM) $M	RWA $M
1	**Exposures to QCCPs (total)**		**200**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	2,647	74
3	(i) OTC derivatives	1,490	34
4	(ii) Exchange-traded derivatives	1,157	40
5	(iii) Securities financing transactions	–	–
6	(iv) Netting sets where cross-product netting has been approved	–	–
7	Segregated initial margin [1]	2,629	
8	Non-segregated initial margin	1,813	57
9	Pre-funded default fund contributions	107	69
10	Unfunded default fund contributions [2]	347	–
11	**Exposures to non-QCCPs (total)**		**–**
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	–	–
13	(i) OTC derivatives	–	–
14	(ii) Exchange-traded derivatives	–	–
15	(iii) Securities financing transactions	–	–
16	(iv) Netting sets where cross-product netting has been approved	–	–
17	Segregated initial margin	–	
18	Non-segregated initial margin	–	–
19	Pre-funded default fund contributions	–	–
20	Unfunded default fund contributions	–	–

1 Segregated initial margin is excluded from exposure calculations, as outlined in APS 180 *Capital Adequacy: Counterparty Credit Risk*.
2 Unfunded default fund is excluded from exposure calculations under APS180 *Capital Adequacy: Counterparty Credit Risk*.

CVAA: General qualitative disclosure requirements related to CVA

Definition

Credit Valuation Adjustment (CVA) is the market value of CCR associated with a portfolio of derivative trades with a given counterparty.

CVA risk management

The Group has a centralised XVA function responsible for monitoring and managing the CVA risk to a loss minimisation mandate within a clearly defined operating framework that is consistent with the Group's risk appetite. Business policies, processes and controls within the operating framework include the production of daily P&L and risk indicators, monitoring of source data accuracy and system output, adherence to the trading delegations manual and market risk limits framework, annual risk and control self-assessment, completion of mandatory training and incident reporting.

The Group has a robust set of detection rules at trade, portfolio and business level that identify all positions subject to CVA risk, all required counterparty credit and market data inputs so that they are captured in the CVA calculation engine at trade inception.

CVA risk is measured via the generation of CVA sensitivities that quantify the expected impact on the CVA due to changes in counterparty credit spreads and underlying market risk factors including interest rates, fx rates and volatility.

CVA risk is managed in line with a hedging policy that aims to minimise the losses associated with adverse movements in the CVA by entering into positions in eligible hedge instruments that mitigate counterparty credit risk, and underlying market factor risk within a defined limits framework.

Hedge effectiveness is monitored daily via the production of P&L for the in-scope derivatives portfolio alongside the associated hedge instruments across all market factors, along with periodic quantitative assessment of key correlation measures for hedge relationships.

Under APS 180 *Capital Adequacy: Counterparty Credit Risk* (APS 180) the Group is subject to a CVA capital charge in relation to potential losses associated with a deterioration in the credit worthiness of its OTC derivatives counterparties. As at 30 June 2026, the Group's RWA in relation to CVA risk and the related capital requirement were $3.5 billion and $282 million respectively (31 December 2025: CVA RWA of $3.3 billion; capital requirement of $266 million).

10 Securitisation

SECA: Qualitative disclosure requirements relating to securitisation exposures

Definition

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 originated residential mortgage loans. CBA has also established internal securitisations where CBA, and ASB, retain the notes issued to use as collateral to raise contingent liquidity from the RBA or RBNZ respectively;
- 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.

The Group does not currently act as a sponsor for any special purpose entities (SPEs) nor manage, advise or invest in affiliated entities nor provide implicit support to any such entities.

Strategic Issues

For the Group, securitisation has provided and will continue to provide a source of liquidity through RBA repurchase transactions and an external funding source. The Group, when undertaking an intermediary role for third party securitisations, receives fee based income and ancillary 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 *Securitisation* (APS 120) and Prudential Practice Guide APG 120 *Securitisation* (APG 120).

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;
- measures so 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 balance sheet exposure; and
- 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).

SECA: Qualitative disclosure requirements relating to securitisation exposures (continued)

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 externalising 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 is responsible for approval, limit management and monitoring for all securitisations. Proposed exposures that exceed individual approval authorities are referred to the relevant executive forums for decisioning.

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 11, page 97). 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 seeks to ensure 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.

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 effectively ring-fences the securitised assets 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. 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 senior 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).

SECA: Qualitative disclosure requirements relating to securitisation exposures (continued)

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 *Financial Instruments*); 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 an 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.

For the Group's accounting policy on the derecognition of financial assets and financial liabilities and the measurement of any retained interests, refer to the 2026 Annual Report.

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 2026 and 31 December 2025, the Group had no assets awaiting securitisation.

The Group discloses contractual commitments, such as liquidity lines, and applies the accounting policies as set out in the 2026 Annual Report. The Group provides support for securitisation transactions to the extent of those contractual obligations.

Securitisation (continued)

SEC1: Securitisation exposures in the banking book

The table below provides the carrying values of securitisation exposures across all securitisation activities in the banking book.

		30 June 2026					
		Bank acts as originator / sponsor [1]			Bank acts as investor		
		Traditional $M	Synthetic $M	Sub-total $M	Traditional $M	Synthetic $M	Sub-total $M
1	**Retail (total)**	**74,357**	**–**	**74,357**	**16,783**	**–**	**16,783**
	– of which						
2	Residential mortgage	74,357	–	**74,357**	15,543	–	**15,543**
3	Credit card	–	–	**–**	192	–	**192**
4	Other retail exposures	–	–	**–**	1,048	–	**1,048**
5	Re-securitisation	–	–	**–**	–	–	**–**
6	**Wholesale (total)**	**–**	**–**	**–**	**4,160**	**–**	**4,160**
	– of which						
7	Loans to corporates	–	–	**–**	–	–	**–**
8	Commercial loans	–	–	**–**	1,283	–	**1,283**
9	Lease and receivables [2]	–	–	**–**	2,587	–	**2,587**
10	Other wholesale	–	–	**–**	290	–	**290**

1 Includes funding only, capital relief and self-securitisation exposures.
2 Includes mixed asset pools.

		31 December 2025					
		Bank acts as originator / sponsor [1]			Bank acts as investor		
		Traditional $M	Synthetic $M	Sub-total $M	Traditional $M	Synthetic $M	Sub-total $M
1	**Retail (total)**	**75,037**	**–**	**75,037**	**14,442**	**–**	**14,442**
	– of which						
2	Residential mortgage [2]	75,037	–	**75,037**	13,257	–	**13,257**
3	Credit card	–	–	**–**	238	–	**238**
4	Other retail exposures	–	–	**–**	947	–	**947**
5	Re-securitisation	–	–	**–**	–	–	**–**
6	**Wholesale (total)**	**–**	**–**	**–**	**4,456**	**–**	**4,456**
	– of which						
7	Loans to corporates	–	–	**–**	–	–	**–**
8	Commercial loans	–	–	**–**	874	–	**874**
9	Lease and receivables [2]	–	–	**–**	3,329	–	**3,329**
10	Other wholesale	–	–	**–**	253	–	**253**

1 Includes funding only, capital relief and self-securitisation exposures.
2 Includes mixed asset pools.

Securitisation (continued)

SEC2: Securitisation exposures in the trading book

The table below provides the carrying values of the Group's securitisation exposures across all securitisation activities in the trading book.

		30 June 2026					
		Bank acts as originator / sponsor			Bank acts as investor		
		Traditional $M	Synthetic $M	Sub-total $M	Traditional $M	Synthetic $M	Sub-total $M
1	**Retail (total)**	**–**	**–**	**–**	**191**	**–**	**191**
	– of which						
2	Residential mortgage	–	–	**–**	190	–	**190**
3	Credit card	–	–	**–**	–	–	**–**
4	Other retail exposures	–	–	**–**	1	–	**1**
6	**Wholesale (total)**	**–**	**–**	**–**	**7**	**–**	**7**
	– of which						
7	Loans to corporates	–	–	**–**	–	–	**–**
8	Commercial loans	–	–	**–**	–	–	**–**
9	Lease and receivables	–	–	**–**	7	–	**7**
10	Other wholesale	–	–	**–**	–	–	**–**

		31 December 2025					
		Bank acts as originator / sponsor			Bank acts as investor		
		Traditional $M	Synthetic $M	Sub-total $M	Traditional $M	Synthetic $M	Sub-total $M
1	**Retail (total)**	**28**	**–**	**28**	**469**	**–**	**469**
	– of which						
2	Residential mortgage	28	–	**28**	468	–	**468**
3	Credit card	–	–	**–**	–	–	**–**
4	Other retail exposures	–	–	**–**	1	–	**1**
6	**Wholesale (total)**	**–**	**–**	**–**	**3**	**–**	**3**
	– of which						
7	Loans to corporates	–	–	**–**	–	–	**–**
8	Commercial loans	–	–	**–**	3	–	**3**
9	Lease and receivables	–	–	**–**	–	–	**–**
10	Other wholesale	–	–	**–**	–	–	**–**

Securitisation (continued)

SEC3: Securitisation exposures in the banking book and associated regulatory capital requirements – bank acting as originator or as sponsor

The table below provides exposures and associated regulatory capital requirements under APS 120 in relation to the Group's banking book securitisation activities as originator. The Group does not act as sponsor in securitisation activities.

	30 June 2026														
	Exposure values (by risk weight bands)					Exposure values (by regulatory approach)			RWA (by regulatory approach)			Capital charge after cap			
	≤20%	>20%-50%	>50%-100%	>100%-<1,250%	1,250%	SEC-ERBA & SEC-IAA	SEC-SA	1,250%	SEC-ERBA & SEC-IAA	SEC-SA	1,250%	SEC-ERBA & SEC-IAA	SEC-SA	1,250%
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
1 Total exposures	**50**	**–**	**–**	**–**	**–**	**50**	**–**	**–**	**9**	**–**	**–**	**1**	**–**	**–**
2 Traditional securitisation	**50**	**–**	**–**	**–**	**–**	**50**	**–**	**–**	**9**	**–**	**–**	**1**	**–**	**–**
– of which:														
3 Securitisation	50	–	–	–	–	50	–	–	9	–	–	1	–	–
of which:														
4 Retail underlying	50	–	–	–	–	50	–	–	9	–	–	1	–	–
6 Wholesale	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9 Synthetic securitisation	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
– of which:														
10 Securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–
of which:														
11 Retail underlying	–	–	–	–	–	–	–	–	–	–	–	–	–	–
12 Wholesale	–	–	–	–	–	–	–	–	–	–	–	–	–	–

Securitisation (continued)

SEC3: Securitisation exposures in the banking book and associated regulatory capital requirements – bank acting as originator or as sponsor (continued)

	31 December 2025														
	Exposure values (by risk weight bands)					Exposure values (by regulatory approach)			RWA (by regulatory approach)			Capital charge after cap			
	≤20%	>20%-50%	>50%-100%	>100%-<1,250%	1,250%	SEC-ERBA & SEC-IAA	SEC-SA	1,250%	SEC-ERBA & SEC-IAA	SEC-SA	1,250%	SEC-ERBA & SEC-IAA	SEC-SA	1,250%
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
1 Total exposures	**61**	**–**	**–**	**–**	**–**	**61**	**–**	**–**	**11**	**–**	**–**	**1**	**–**	**–**
2 Traditional securitisation	**61**	**–**	**–**	**–**	**–**	**61**	**–**	**–**	**11**	**–**	**–**	**1**	**–**	**–**
– of which:														
3 Securitisation	61	–	–	–	–	61	–	–	11	–	–	1	–	–
of which:														
4 Retail underlying	61	–	–	–	–	61	–	–	11	–	–	1	–	–
6 Wholesale	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9 Synthetic securitisation	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
– of which:														
10 Securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–
of which:														
11 Retail underlying	–	–	–	–	–	–	–	–	–	–	–	–	–	–
12 Wholesale	–	–	–	–	–	–	–	–	–	–	–	–	–	–

Securitisation (continued)

SEC4: Securitisation exposures in the banking book and associated capital requirements – bank acting as investor

The table below provides exposures and associated regulatory capital requirements under APS 120 in relation to the Group's banking book securitisation activities as investor.

	30 June 2026															
	Exposure values (by risk weight bands)					Exposure values (by regulatory approach)			RWA (by regulatory approach)			Capital charge after cap				
	≤20%	>20%-50%	>50%-100%	>100%-<1,250%	1,250%	SEC-ERBA & SEC-IAA	SEC-SA	1,250%	SEC-ERBA & SEC-IAA	SEC-SA	1,250%	SEC-ERBA & SEC-IAA	SEC-SA	1,250%
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
1 Total exposures	**25,746**	**267**	**5**	**–**	**–**	**8,047**	**17,971**	**–**	**1,591**	**2,728**	**–**	**127**	**218**	**–**
2 Traditional securitisation	**25,746**	**267**	**5**	**–**	**–**	**8,047**	**17,971**	**–**	**1,591**	**2,728**	**–**	**127**	**218**	**–**
– of which:														
3 Securitisation	25,746	267	5	–	–	8,047	17,971	–	1,591	2,728	–	127	218	–
of which:														
4 Retail underlying	20,395	262	5	–	–	4,231	16,431	–	837	2,497	–	67	200	–
6 Wholesale	5,351	5	–	–	–	3,816	1,540	–	754	231	–	60	18	–
9 Synthetic securitisation	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
– of which:														
10 Securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–
of which:														
11 Retail underlying	–	–	–	–	–	–	–	–	–	–	–	–	–	–
12 Wholesale	–	–	–	–	–	–	–	–	–	–	–	–	–	–

Securitisation (continued)

SEC4: Securitisation exposures in the banking book and associated capital requirements – bank acting as investor (continued)

	31 December 2025													
	Exposure values (by risk weight bands)					Exposure values (by regulatory approach)			RWA (by regulatory approach)			Capital charge after cap		
	≤20%	>20%-50%	>50%-100%	>100%-<1,250%	1,250%	SEC-ERBA & SEC-IAA	SEC-SA	1,250%	SEC-ERBA & SEC-IAA	SEC-SA	1,250%	SEC-ERBA & SEC-IAA	SEC-SA	1,250%
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
1 Total exposures	**23,961**	**484**	**6**	**–**	**–**	**7,704**	**16,747**	**–**	**1,516**	**2,569**	**–**	**121**	**205**	**–**
2 Traditional securitisation	**23,961**	**484**	**6**	**–**	**–**	**7,704**	**16,747**	**–**	**1,516**	**2,569**	**–**	**121**	**205**	**–**
– of which:														
3 Securitisation	23,961	484	6	–	–	7,704	16,747	–	1,516	2,569	–	121	205	–
of which:														
4 Retail underlying	18,744	262	6	–	–	3,835	15,177	–	748	2,308	–	60	185	–
6 Wholesale	5,217	222	–	–	–	3,869	1,570	–	768	261	–	61	20	–
9 Synthetic securitisation	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
– of which:														
10 Securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–
of which:														
11 Retail underlying	–	–	–	–	–	–	–	–	–	–	–	–	–	–
12 Wholesale	–	–	–	–	–	–	–	–	–	–	–	–	–	–

11 Market Risk

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.

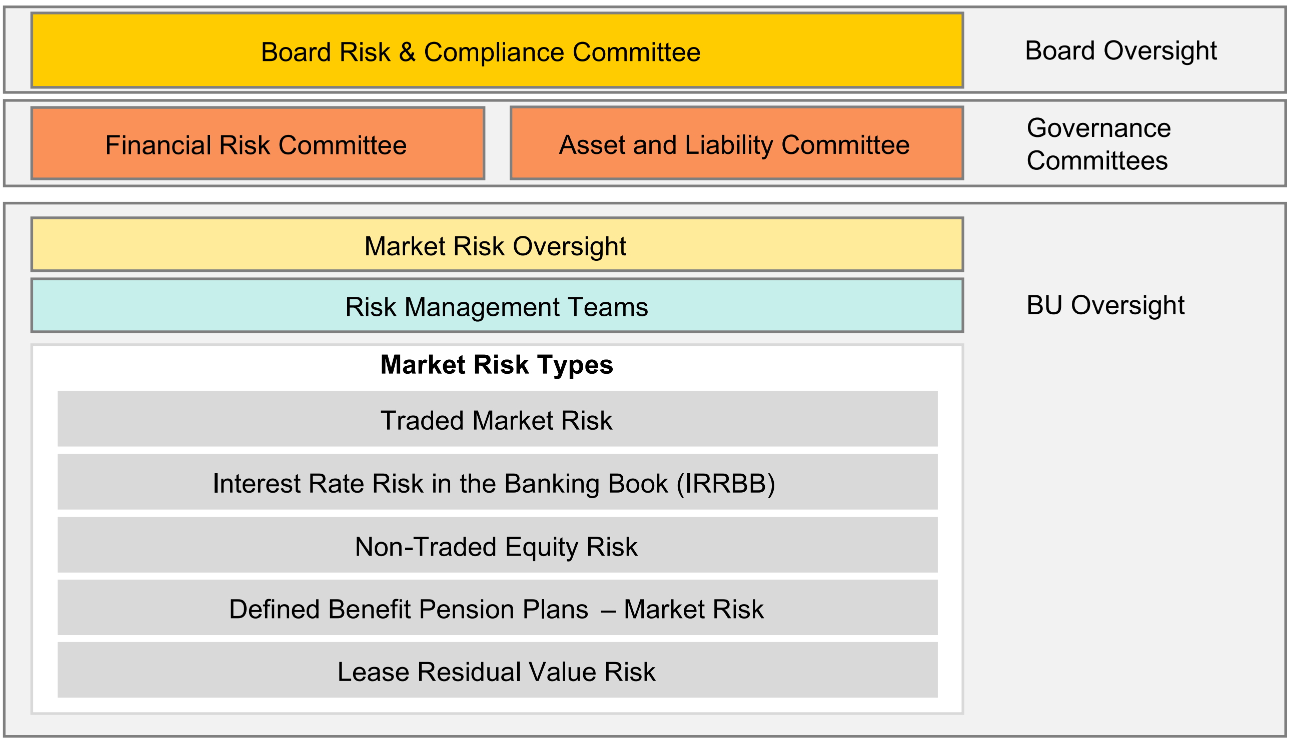
Market risk may only be generated by authorised business areas across the Group. The key functional areas that must be established to support market risk activity comprise:

- 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 Measurement

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

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.

The Expected Shortfall (ES) measure for non-traded banking book market risk uses historical simulation based on ten-business-day interest rate shocks. The ten-business-day shocks are scaled to one-year holding period equivalents and ES is calculated at the 97.5% confidence level as the average loss across the worst 2.5% of simulated outcomes.

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 GFC. 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.

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.

Market Risk (continued)

Traded market risk (continued)

Traded market risk by Modelling Method

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

Traded Market Risk RWA by Modelling Approach	30 Jun 26 $M	31 Dec 25 $M	30 Jun 25 $M
Internal model approach	**5,198**	8,574	7,918
Standard method	**1,806**	1,397	1,834
Total Traded Market Risk RWA	**7,004**	9,971	9,752

Traded market risk under the standard method

The capital requirement for traded market risk under the standard method is disclosed in following table.

Exposure Type	30 Jun 26 $M	31 Dec 25 $M	30 Jun 25 $M
Interest rate risk	**144.5**	111.8	146.7
Equity risk	**–**	–	–
Foreign exchange risk	**–**	–	–
Commodity risk	**–**	–	–
Total	**144.5**	111.8	146.7
Risk Weighted Asset equivalent [1]	**1,806**	1,397	1,834

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

Traded market risk under the internal model approach

The VaR and SVaR results calculated under the internal model approach are summarised in following table.

	Aggregate VaR Over the Reporting Period			
Average VaR [1]	Mean value $M	Maximum value $M	Minimum value $M	As at balance date $M
Over the 6 months to 30 June 2026	33	52	25	31
Over the 6 months to 31 December 2025	44	55	36	55
Over the 6 months to 30 June 2025	39	49	29	41

1 10 day, 99.0% confidence interval over the reporting period.

	Aggregate SVaR Over the Reporting Period			
Stressed VaR [1]	Mean value $M	Maximum value $M	Minimum value $M	As at balance date $M
Over the 6 months to 30 June 2026	**114**	**155**	**81**	**116**
Over the 6 months to 31 December 2025	185	214	158	198
Over the 6 months to 30 June 2025	140	193	79	171

1 10 day, 99.0% confidence interval over the reporting period.

Market Risk (continued)

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 2026 there were two back-test outliers. The back-test results are summarised in the tables below. A comparison of VaR with actual gains or losses during the 6 months to 30 June 2026 is illustrated below.

Summary Table of the Number of Back-Testing Outliers [1]	
Over the 6 months to 30 June 2026	**2**
Over the 6 months to 31 December 2025	–
Over the 6 months to 30 June 2025	1

1 10 day, 99.0% confidence interval over the reporting period.

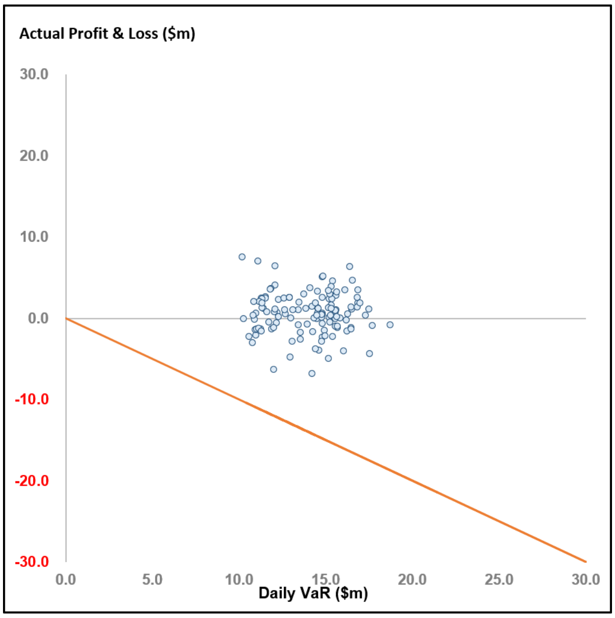
Details of back-testing outliers

	Over the Reporting Period 1 January 2026 to 30 June 2026	
Date	**Hypothetical loss $M**	**VaR 99% $M**
6 March 2026	**18**	**15**
1 April 2026	**16**	**12**

	Over the Reporting Period 1 July 2025 to 31 December 2025	
Date	**Hypothetical loss $M**	**VaR 99% $M**
	–	–

	Over the Reporting Period 1 January 2025 to 30 June 2025	
Date	**Hypothetical loss $M**	**VaR 99% $M**
4 April 2025	32	16

Comparison of VaR estimates outliers with actual gains/losses experiences for the 6 months ended 30 June 2026



Market Risk (continued)

Non-traded market risk

Interest Rate Risk in the Banking Book

IRRBB RWA increased $6.5 billion or 18% on the prior half to $41.7 billion, driven by higher swap rates and deposit and equity hedge settings that are calibrated to provide stronger earnings stability through a rate cycle.

Regulatory RWA	30 Jun 26 $M	31 Dec 25 $M	30 Jun 25 $M
Interest rate risk in the banking book [1]	**41,659**	35,179	39,841

1 IRRBB RWA as at 30 June 2026 and 31 December 2025 have been determined in accordance with the revised APS 117 adopted by the Group on 1 October 2025.

IRRBBA: IRRBB risk management objectives and policies

IRRBB refers to the risk to the Group's capital and earnings that arises from adverse movements in interest rates and spreads. This risk materialises through changes in the economic value of assets and liabilities, or through variability in net interest income, due to mismatches in the repricing characteristics of balance sheet items.

Risk management and governance

IRRBB risk management operates in accordance with Group's risk management framework to identify, measure, monitor and respond to material IRRBB risks. The risk management of IRRBB is enabled by appropriate governance, reporting, policies, procedures, standards, infrastructure, data, accountabilities within a 3LoA approach and skilled staff.

Group Audit & Assurance (GA&A) is the Internal Audit function of the CBA Group. It provides independent and objective assurance to the Board Audit Committee (BAC), Board Risk and Compliance Committee (BRCC) and Board People and Remuneration Committee (BPRC) Committees of the CBA Board of Directors. As part of its responsibilities, it conducts independent reviews of the risk management framework for IRRBB in accordance with Prudential Standard APS 117 *Capital Adequacy: Interest Rate Risk in the Banking Book* (APS 117). Its independent reviews include effectiveness of the model governance of the risk measurement models and associated documentation from Line 1 and Line 2 Model Risk and Validation in accordance with the CBA Audit Methodology and the Prudential Guide APG 117 *Capital Adequacy: IRRBB* (APG 117).

Banking net interest income sensitivity and economic value of equity sensitivity

Banking book activities include lending, investing in liquid assets, deposit taking, issuing wholesale funding and managing capital. These activities generate interest income and expense, and expose the Group to interest rate risk which arises as a result of inherent mismatches in the interest rate repricing of assets and liabilities. Because of these mismatches, changes in interest rates can create volatility and adversely affect both the earnings and capital within the banking book.

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

- 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 200 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. 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
- Market Value Sensitivity (MVS) measures the potential economic value loss of the balance sheet under adverse market conditions. It is defined as the largest loss across three prescribed repricing scenarios and a historical simulation of diversified and undiversified interest rate and spread movements. These historical movements are modelled using eight years of 10-day overlapping intervals, scaled to a one-year horizon, and assessed at a 97.5% expected shortfall confidence level.

Active management of IRRBB

Methods such as interest rate sensitivity, change in market value sensitivity, change in net interest income, stress testing, and internal capital adequacy assessment procedures are used to measure and analyse the risk. The established IRRBB limits and early warning indicators cascading from Board to desk level helps with ensuring risks are actively managed within risk appetite via implementing hedging strategies which are supported by collaborative engagement between line 1 and line 2 so that emerging risks are proactively managed. Early warnings and breach handling mechanisms, daily IRRBB stress testing and risk metric monitoring are integrated into the management decision-making process.

The Group's banking subsidiaries, ASB and CBA Europe N.V., each manage their own domestic IRRBB in accordance with their respective risk management policies and the policies of the Group. The Group's objective is to manage interest rate risk to achieve stable and sustainable earnings over the long term.

The Group applies hedge accounting to align derivative gains and losses with the exposures they hedge. Hedges are designated as fair value, cash flow, or net investment hedges, with formal documentation, strict effectiveness testing, and the recognition of gains or losses in profit or loss or other comprehensive income, as appropriate.

Non-traded market risk (continued)

IRRBBA: IRRBB risk management objectives and policies (continued)

Interest rate shock and stress scenarios

IRRBB Stress Testing is used to assess the impact of severe yet plausible adverse interest rate movements (that may not have occurred in the past) on the Group's capital and earnings. The results are used to identify balance sheet vulnerabilities, to inform management of IRRBB risk and to guide policy and limit design and setting. The scenarios are a combination of standardised shocks (e.g. the six Bank for International Settlements standard outlier tests) and scenario narratives (e.g. a severe inflation shock).

Modelling

The Group's Model Risk Framework includes policy, standards and procedures as well as governance committees and a Group Model Register (GMR). This framework applies to IRRBB models and requires the model owner to document the model, including the assumptions, and the independent model validator is required to review and challenge the assumptions in their independent model validation report. The validation report is required for model assurance and is part of the model approval process. The report includes model findings which inform the model's overall (fit-for-purpose) risk rating. The findings, including those related to assumptions, are recorded in the GMR where they are tracked to resolution. IRRBB models are subject to regular review at the model technical sub-committee and materiality-based re-validation so that they remain fit-for-purpose, are appropriate for changing market conditions and subjected to regular model monitoring. Design, documentation, operation, data, change, assumptions, limitations (gaps), performance and operation under stress are all considered throughout the life of a model.

For Economic Value sensitivities, CBA splits the balance sheet in-line with the market-related/non-market-related split as prescribed in APS 117. The economic value of non-market-related items are measured off a funding centre value (which excludes margins), while market-related items are fully revalued based on market pricing (including margins). CBA has very few products that require prepayment rates (CPR) to be applied. When required, CPRs are based on historic prepayment analysis of the underlying product.

For NII sensitivities, CBA assumes a constant balance sheet, and projects interest income inclusive of margins. Individual products margins are assumed to be stable over the forward period and all new business is assumed to be variable rate so that it does not introduce new interest rate risk into future periods. All customer pricing is floored at 0%. Deposits with discretionary interest rates have pass-on percentage assumptions applied relative to moves in the cash rate. The pass-on assumptions for interest bearing core deposits are modelled within the approved models based on historical pass-through behaviour. The average repricing maturity for core deposits is also assessed within the approved deposit models with a maximum reprice term of 5 years.

The Group does not have any internal modelling assumptions that significantly deviate from the disclosed modelling outputs for IRRBB.

Quantitative information on IRRBB

The average repricing maturity for core deposits, as of 30 June 2026, was 2.5 years and the longest repricing maturity permitted under APS 117 is 5 years.

Non-traded market risk (continued)

IRRBB1: Quantitative information on IRRBB

The table below provides information about changes in the Group's economic value of equity and net interest income under prescribed interest rate shock scenarios to support APRA in identifying outliers and supervisory concerns in banks' IRRBB profiles

	Tier 1 capital		△EVE		△NII	
	30 Jun 26	31 Dec 25	30 Jun 26	31 Dec 25	30 Jun 26	31 Dec 25
Quantitative information on IRRBB	$M	$M	$M	$M	$M	$M
Parallel up			**(1,179)**	(991)	**2,145**	1,945
Parallel down			**1,295**	1,097	**(2,741)**	(3,322)
Steepener			**4**	11		
Flattener			**(266)**	(231)		
Short rate up			**(680)**	(574)		
Short rate down			**753**	647		
Maximum			**(1,179)**	(991)	**(2,741)**	(3,322)
Tier 1 capital	**70,669**	69,829				

	△EVE		△NII	
	30 Jun 26	31 Dec 25	30 Jun 26	31 Dec 25
Quantitative information on IRRBB (AUD)	$M	$M	$M	$M
Parallel up	**(778)**	(431)	**1,901**	1,665
Parallel down	**887**	523	**(2,010)**	(2,557)
Steepener	**(236)**	(302)		
Flattener	**60**	203		
Short rate up	**(230)**	34		
Short rate down	**283**	12		
Maximum	**(778)**	(431)	**(2,010)**	(2,557)

	△EVE		△NII	
	30 Jun 26	31 Dec 25	30 Jun 26	31 Dec 25
Quantitative information on IRRBB (USD) [1]	$M	$M	$M	$M
Parallel up	**(21)**	(69)	**92**	136
Parallel down	**19**	60	**(93)**	(142)
Steepener	**31**	91		
Flattener	**(35)**	(107)		
Short rate up	**(40)**	(121)		
Short rate down	**40**	124		
Maximum	**(40)**	(121)	**(93)**	(142)

1 Includes other immaterial currencies.

Non-traded market risk (continued)

IRRBB1: Quantitative information on IRRBB (continued)

	△EVE		△NII	
	30 Jun 26	31 Dec 25	30 Jun 26	31 Dec 25
Quantitative information on IRRBB (NZD)	$M	$M	$M	$M
Parallel up	**(380)**	(491)	**152**	144
Parallel down	**389**	514	**(638)**	(623)
Steepener	**209**	222		
Flattener	**(291)**	(327)		
Short rate up	**(410)**	(487)		
Short rate down	**429**	511		
Maximum	**(410)**	(491)	**(638)**	(623)

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 CRD in *Credit Risk*).

Defined benefit plans

The Group is exposed to market risk in relation to the defined benefit plans managed by Australian Retirement Trust. Risk management provides oversight of the market risk associated with the assets invested on behalf of the Group’s employees receiving defined benefits.

12 Operational Risk

ORA: General qualitative information on a bank's operational risk framework

Definitions

Operational risk is the risk of loss arising from inadequate or failed internal processes, systems or people, or from external events. Operational risk 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 Group's 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), the Group's Strategy and Business Plan and supports the Group in meeting the requirements of Prudential Standard APS 115 *Capital Adequacy: Standardised Measurement Approach to Operational Risk* (APS 115).

Structure and Organisation of the Operational Risk Function

The Operational Risk function within the Risk Management Support Unit forms part of Line 2 in the Group's Three Lines of Accountability model. The Chief Compliance Officer and Executive General Manager of Enterprise Risk is the head of the function and is responsible for designing and maintaining an effective ORMF to identify, measure, and monitor risks.

Most CBA operational risk staff are organised into teams aligned with each Business Unit/Support Unit (BU/SU). These teams may either be stand-alone Operational Risk teams or part of a combined Operational Risk and Compliance team. The primary factors determining the size and structure of each team are the size and complexity of the BU/SU they support.

BU/SU Operational Risk teams are tasked with embedding ORMF practices within their respective BU/SU and seeking to ensure that Line 1 risk management activities maintain operational risk within the stated appetite. Operational Risk teams have a direct reporting line to the BU/SU-aligned Chief Risk Officer.

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 allow the Group to manage 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 provides a central repository of non-financial risk information to support governance, oversight and management reporting across the Group. This includes information relating to operational and compliance risks, obligations, controls, incidents, issues, and monitoring and review activities.

Roles and Responsibilities

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

ORA: General qualitative information on a bank’s operational risk framework (continued)

Management Reporting

The Group’s operational risk reporting framework is designed to encourage that operational risk is consistently monitored, assessed, and escalated to executive management and the Board of Directors. The scope of our framework includes:

- *Risk identification and assessment*: the Group employs a structured approach to identify and assess operational risks across all business units / support units. This includes qualitative assessments, scenario analysis, and control effectiveness reviews.
- *Reporting to Executive Leadership Team Non-Financial Risk Committee*: operational risk metrics, long-dated, high-rated issue summaries, and control performance indicators are reported periodically to executive management. These reports highlight emerging risks, trends, and any breaches of risk appetite.
- *Board-level oversight*: the board receives operational risk reports three times per year that include aggregated risk profiles, updates on remediation actions, and outcomes of material Line 2 reviews. These reports are aligned with the Group’s enterprise risk management strategy and support informed decision-making.
- *Escalation protocols*: material risk events are escalated promptly to the office of the CEO through pre-defined channels enabling timely intervention and oversight.

Operational Risk Capital Measurement Approach

The Group determines its operational risk regulatory capital in accordance with the APRA-prescribed Standardised Measurement Approach (SMA) in APS 115. 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.

The business indicator calculation is based on the average amounts of the Group’s income and expenses according to the most recent three years of audited annual financial reports. The calculation is updated as part of September quarter reporting each year following finalisation of the annual financial report.

Operational Risk (continued)

OR1: Historical losses

The table below presents the aggregate operational losses incurred over the past 10 financial years, based on the identification date of the loss event. Complex loss events can remain open across reporting years whilst being remediated, and loss values are updated throughout the lifecycle of the loss management as impacts are known. This can result in movement of loss events for prior periods as these value updates may affect whether an incident meets minimum reporting thresholds. Each value across the ten-year period reflects this change. Operational losses exclude provisions raised in relation to pending litigation where disclosure of such information is expected to seriously prejudice the position of the Group.

		30 Jun 26	30 Jun 25	30 Jun 24	30 Jun 23	30 Jun 22	30 Jun 21	30 Jun 20	30 Jun 19	30 Jun 18	30 Jun 17	Ten-year average
Using $30,000 threshold												
1	Total amount of operational losses net of recoveries (no exclusions) ($M)	**132**	280	385	225	736	219	279	1,989	519	181	495
2	Total number of operational risk losses (#)	**392**	569	616	670	692	587	355	366	306	332	489
3	Total amount of excluded operational risk losses ($M)	**–**	–	–	–	–	–	–	–	–	–	–
4	Total number of exclusions (#)	**–**	–	–	–	–	–	–	–	–	–	–
5	Total amount of operational losses net of recoveries and net of excluded losses ($M)	**132**	280	385	225	736	219	279	1,989	519	181	495
Using $150,000 threshold												
6	Total amount of operational losses net of recoveries (no exclusions) ($M)	**113**	252	354	193	705	192	265	1,973	504	166	472
7	Total number of operational risk losses (#)	**96**	118	125	162	190	157	126	125	80	85	126
8	Total amount of excluded operational risk losses ($M)	**–**	–	–	–	–	–	–	–	–	–	–
9	Total number of exclusions (#)	**–**	–	–	–	–	–	–	–	–	–	–
10	Total amount of operational losses net of recoveries and net of excluded losses ($M)	**113**	252	354	193	705	192	265	1,973	504	166	472
Details of operational risk capital calculation												
11	Are losses used to calculate the ILM (yes/no)?	**No**										
12	If "no" in row 11, is the exclusion of internal loss data due to non-compliance with the minimum loss data standards (yes/no)?	**No**										
13	Loss event threshold: $30,000 or $150,000 for the operational risk capital calculation if applicable	**n/a**										

Operational Risk (continued)

OR2: Business indicator and subcomponents

The table below provides information in relation to the business indicator (BI) and its subcomponents used in the calculation of the Group's operational risk capital and RWA for the period from 30 September 2025 to 30 June 2026.

	BI and its subcomponents	30 Jun 25 $M	30 Jun 24 $M	30 Jun 23 $M
1	**Interest, lease and dividend component [1,2]**	**21,586**		
1a	Interest and lease income	61,393	57,467	43,214
1b	Interest and lease expense	39,580	36,663	21,288
1c	Interest earning assets [3]	1,295,435	1,208,556	1,200,232
1d	Dividend income	137	55	25
2	**Services component [1,4]**	**3,484**		
2a	Fee and commission income	3,134	3,023	2,818
2b	Fee and commission expense	87	88	86
2c	Other operating income	217	139	202
2d	Other operating expense	646	556	274
3	**Financial component [1,5]**	**2,452**		
3a	Net P&L on the trading book	2,990	2,384	1,445
3b	Net P&L on the banking book	61	307	168
4	**BI [6]**	**27,522**		
5	Business indicator component (BIC) [7]	4,083		
Disclosure on the BI:				
6a	BI gross of excluded divested activities	27,522		
6b	Reduction in BI due to excluded divested activities [8]	–		

1 Business indicator components represent averages for the most recent three financial years.
2 The interest, lease and dividend component is calculated as the lesser of the average net interest and lease income and 2.25% of interest earning assets, plus the average of dividend income.
3 Interest earning assets as at the end of each financial year.
4 The services component is calculated as the higher of the average fee and commission income and expense, plus the higher of the average other operating income and expense.
5 The financial component is calculated as the sum of the average net profit or loss on the trading and banking book.
6 Business indicator is a sum of the interest, lease and dividend component, services component and financial component.
7 Calculated as the business indicator multiplied by 12%, plus 3% of the amount by which the business indicator exceeds $1.5 billion.

OR2: Business indicator and subcomponents (continued)

The table below provides information in relation to the business indicator (BI) and its subcomponents used in the calculation of the Group's operational risk capital and RWA for the period from 30 September 2024 to 30 June 2025.

	BI and its subcomponents	30 Jun 24 $M	30 Jun 23 $M	30 Jun 22 $M
1	**Interest, lease and dividend component [1] [2]**	**20,540**		
1a	Interest and lease income	57,467	43,214	23,973
1b	Interest and lease expense	36,663	21,288	5,162
1c	Interest earning assets [3]	1,208,556	1,200,232	1,149,427
1d	Dividend income	55	25	–
2	**Services component [1] [4]**	**3,286**		
2a	Fee and commission income	3,023	2,818	2,896
2b	Fee and commission expense	88	86	119
2c	Other operating income	139	202	204
2d	Other operating expense	556	274	292
3	**Financial component [1] [5]**	**1,873**		
3a	Net P&L on the trading book	2,384	1,445	797
3b	Net P&L on the banking book	307	168	518
4	**BI [6]**	**25,699**		
5	Business indicator component (BIC) [7]	3,810		
Disclosure on the BI:				
6a	BI gross of excluded divested activities	25,773		
6b	Reduction in BI due to excluded divested activities [8]	(74)		

1 Business indicator components represent averages for the most recent three financial years.
2 The interest, lease and dividend component is calculated as the lesser of the average net interest and lease income and 2.25% of interest earning assets, plus the average of dividend income.
3 Interest earning assets as at the end of each financial year.
4 The services component is calculated as the higher of the average fee and commission income and expense, plus the higher of the average other operating income and expense.
5 The financial component is calculated as the sum of the average net profit or loss on the trading and banking book.
6 Business indicator is a sum of the interest, lease and dividend component, services component and financial component.
7 Calculated as the business indicator multiplied by 12%, plus 3% of the amount by which the business indicator exceeds $1.5 billion.
8 The Group completed the sale of PT Bank Commonwealth (PTBC) on 1 May 2024. The calculation of the BI excludes the divested activities of PTBC.

OR3: Minimum required operational risk capital

The table below presents the operational risk regulatory capital requirements.

		30 Jun 26 $M	30 Jun 25 $M
1	Business indicator component (BIC)	**4,083**	3,810
2	Internal loss multiplier (ILM) [1]	**n/a**	n/a
3	Minimum required operational risk capital (ORC)	**4,083**	3,810
	Other regulatory capital charges	**–**	–
4	Operational risk RWA [2]	**51,041**	47,624

1 APS 115 does not prescribe an internal loss multiplier.
2 Operational risk RWA is operational risk capital multiplied by 12.5.

Operational risk RWA increased $3.4 billion or 7.2% on the prior year to $51 billion following the annual update of the business indicator component of operational risk capital based on the Group's 2025 financial report. The increase was driven by higher average net interest income over the years ended 30 June 2025, 2024 and 2023 due to higher interest rates and lending growth.

13 Liquidity Risk

LIQA: Liquidity risk management

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 banking subsidiaries, ASB and CBA Europe N.V., manage their own domestic liquidity and funding needs in accordance with their own liquidity policies 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 (HQLA) 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 available stable funding to required stable funding which must be greater than 100%;
- central to the Group's liquidity management framework, the Group undertakes additional stress testing including severe and moderate market specific and idiosyncratic 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 liquid assets to meet liquidity requirements under a range of market conditions. The liquid asset portfolio includes cash and securities, including Australian government and semi-government securities, meeting APRA's High Quality Liquid Asset definition and other 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 with a minimum value of 30% of the Group's Australian dollar LCR net cash outflows. The internal RMBS has mortgages securitised but retained by the Bank, and are repo-eligible collateral to obtain funding from 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%.

Liquidity Risk (continued)

Liquidity and Funding Policies and Management (continued)

The Group's key funding tools include:

- a consumer retail funding base, which includes a wide range of retail transaction accounts, savings accounts and term deposits for individual consumers;
- a 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 programmes and Medallion securitisation programmes.

Liquidity modelling and forecasting is undertaken on a daily basis so that 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.

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 CBA Board on an annual basis.

LIQ1: 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. The Group maintained an average LCR of 132% in the June 2026 quarter.

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 $2.0 billion or 1.0% 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 $0.7 billion or 0.5% over the quarter due to a decrease in retail and SME deposit cash outflows, partially offset by an increase in wholesale funding maturities within the 30-day window.

		30 Jun 26 [1]		31 Mar 26 [1]	
		Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
		$M	$M	$M	$M
High-quality liquid assets					
1	Total HQLA [2]		190,526		192,534
Cash outflows					
2	Retail deposits and deposits from small business customers, of which:	**534,749**	**41,730**	**533,249**	**43,315**
3	Stable deposits	305,021	15,251	303,159	15,158
4	Less stable deposits	229,728	26,479	230,090	28,157
5	Unsecured wholesale funding, of which:	**204,391**	**83,522**	**203,424**	**82,920**
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	102,776	24,739	102,997	24,798
7	Non-operational deposits (all counterparties)	93,098	50,266	92,110	49,805
8	Unsecured debt	8,517	8,517	8,317	8,317
9	Secured wholesale funding		**4,604**		**4,437**
10	Additional requirements, of which:	**211,946**	**29,670**	**207,206**	**28,223**
11	Outflows related to derivative exposures and other collateral requirements	6,794	6,794	6,629	6,629
12	Outflows related to loss of funding on debt products	–	–	–	–
13	Credit and liquidity facilities	205,152	22,876	200,577	21,594
14	Other contractual funding obligations	–	–	–	–
15	Other contingent funding obligations	**112,945**	**14,653**	**106,254**	**13,718**
16	**Total cash outflows**		**174,179**		**172,613**
Cash inflows					
17	Secured lending (e.g. reverse repos)	55,531	8,035	57,381	6,770
18	Inflows from fully performing exposures	16,561	10,834	16,491	11,081
19	Other cash inflows	10,997	10,997	9,746	9,746
20	**Total cash inflows**	**83,089**	**29,866**	**83,618**	**27,597**
			Total adjusted value		**Total adjusted value**
21	**Total HQLA**		190,526		192,534
22	**Total net cash outflows**		144,313		145,016
23	**Liquidity Coverage Ratio (%)**		132		133
Number of data points used (Business days)			62		62

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

2 Includes RBNZ securities of $1.5 billion and alternative liquid assets (ALA) of $nil (31 March 2026: RBNZ securities $2.2 billion; ALA $nil).

LIQ2: 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 116% at 31 March 2026 to 115% at 30 June 2026. Over the period, the Group's ASF increased 1.9% due to an increase in regulatory capital, increased wholesale funding and growth in retail and SME deposits. RSF increased 2.2% primarily due to growth in residential mortgage and non-mortgage lending.

		As at 30 June 2026				
		Unweighted value by residual maturity				
		No maturity $M	< 6 months $M	6 months to < 1 year $M	≥ 1 year $M	Weighted value $M
Available stable funding (ASF) item						
1	**Capital:**	**78,878**	**–**	**–**	**46,066**	**124,944**
2	Regulatory capital	78,878	–	–	46,066	124,944
3	Other capital instruments	–	–	–	–	–
4	**Retail deposits and deposits from small business customers:**	**511,571**	**141,618**	**41**	**166**	**605,668**
5	Stable deposits	298,354	53,558	10	4	334,330
6	Less stable deposits	213,217	88,060	31	162	271,338
7	**Wholesale funding:**	**182,750**	**281,342**	**68,129**	**112,096**	**264,115**
8	Operational deposits	112,491	–	–	–	56,246
9	Other wholesale funding	70,259	281,342	68,129	112,096	207,869
10	**Liabilities with matching interdependent assets**	**–**	**–**	**–**	**–**	**–**
11	**Other liabilities:**	**–**	**27,971**	**156**	**2,294**	**2,371**
12	NSFR derivative liabilities	–	11,199	–	–	–
13	All other liabilities and equity not included in the above categories	–	16,772	156	2,294	2,371
14	**Total ASF**					**997,098**
Required Stable Funding (RSF) Item						
15a	**Total NSFR high-quality liquid assets (HQLA)**					**7,750**
15b	**ALA**					**–**
15c	**RBNZ Securities**					**339**
16	**Deposits held at other financial institutions for operational purposes**					**–**
17	**Performing loans and securities:**	**15,657**	**151,221**	**76,256**	**961,578**	**806,032**
18	Performing loans to financial institutions secured by Level 1 HQLA	10,392	57,034	6,595	1,016	11,057
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	5,265	34,796	25,356	59,428	78,115
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	–	46,342	34,743	171,919	186,016
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	799	520	3,286	2,796
22	Performing residential mortgages, of which:	–	8,168	8,222	715,090	515,269
	are standard loans to individuals with a LVR of 80% or below	–	6,288	6,512	533,439	353,135
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	–	4,881	1,340	14,125	15,575
25	**Assets with matching interdependent liabilities**	**–**	**–**	**–**	**–**	**–**
26	**Other assets:**	**2,809**	**37,170**	**1,458**	**29,116**	**39,457**
27	Physical traded commodities, including gold	2,809	–	–	–	2,217
28	Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties (CCPs)	–	1,257	–	–	1,069
29	NSFR derivative assets	–	8,970	–	–	–
30	NSFR derivative liabilities before deduction of variation margin posted	–	18,950	–	–	3,790
31	All other assets not included in the above categories	–	7,993	1,458	29,116	32,381
32	**Off-balance sheet items**	**–**	**229,319**	**–**	**–**	**12,423**
33	**Total RSF**					**866,001**
34	**Net Stable Funding Ratio (%)**					**115**

LIQ2 – Net Stable Funding Ratio (continued)

		As at 31 March 2026				
		Unweighted value by residual maturity				
		No maturity $M	< 6 months $M	6 months to < 1 year $M	≥ 1 year $M	Weighted value $M
Available stable funding (ASF) item						
1	**Capital:**	**74,201**	**–**	**–**	**43,754**	**117,955**
2	Regulatory capital	74,201	–	–	43,754	117,955
3	Other capital instruments	–	–	–	–	–
4	**Retail deposits and deposits from small business customers:**	**512,759**	**136,126**	**27**	**155**	**601,628**
5	Stable deposits	297,426	51,625	6	8	331,612
6	Less stable deposits	215,333	84,501	21	147	270,016
7	**Wholesale funding:**	**167,812**	**263,877**	**77,883**	**108,181**	**257,206**
8	Operational deposits	101,966	–	–	–	50,983
9	Other wholesale funding	65,846	263,877	77,883	108,181	206,223
10	**Liabilities with matching interdependent assets**	**–**	**–**	**–**	**–**	**–**
11	**Other liabilities:**	**–**	**33,451**	**162**	**1,584**	**1,665**
12	NSFR derivative liabilities	–	15,137	–	–	–
13	All other liabilities and equity not included in the above categories	–	18,314	162	1,584	1,665
14	**Total ASF**					**978,454**
Required Stable Funding (RSF) Item						
15a	**Total NSFR high-quality liquid assets (HQLA)**					**7,464**
15b	**ALA**					**–**
15c	**RBNZ Securities**					**317**
16	**Deposits held at other financial institutions for operational purposes**					**–**
17	**Performing loans and securities:**	**13,675**	**137,167**	**73,878**	**946,592**	**788,432**
18	Performing loans to financial institutions secured by Level 1 HQLA	9,618	54,035	3,845	2,321	10,609
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	4,057	28,099	24,180	56,652	73,566
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	–	42,266	36,135	169,522	182,635
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	–	740	566	3,295	2,795
22	Performing residential mortgages, of which:	–	8,006	8,237	703,920	505,986
	are standard loans to individuals with a LVR of 80% or below	–	6,156	6,500	528,364	349,765
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	–	4,761	1,481	14,177	15,636
25	**Assets with matching interdependent liabilities**	**–**	**–**	**–**	**–**	**–**
26	**Other assets:**	**8,678**	**42,601**	**1,411**	**22,952**	**39,376**
27	Physical traded commodities, including gold	8,678	–	–	–	7,376
28	Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties (CCPs)	–	1,525	–	–	1,297
29	NSFR derivative assets	–	10,111	–	–	–
30	NSFR derivative liabilities before deduction of variation margin posted	–	22,640	–	–	4,528
31	All other assets not included in the above categories	–	8,325	1,411	22,952	26,175
32	**Off-balance sheet items**	**–**	**229,279**	**–**	**–**	**11,385**
33	**Total RSF**					**846,974**
34	**Net Stable Funding Ratio (%)**					**116**

14 Appendices

KM1: Key metrics

The table below provides key regulatory metrics in relation to the Group's regulatory capital (including buffer requirements and ratios), RWA, leverage ratio, liquidity coverage ratio and net stable funding ratio.

		30 Jun 26 $M	31 Mar 26 $M	31 Dec 25 $M	30 Sep 25 $M	30 Jun 25 $M
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	**62,762**	59,806	61,922	58,933	60,967
2	Tier 1	**70,669**	67,713	69,829	66,840	68,874
3	Total capital	**108,828**	103,560	104,261	101,908	103,703
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	**522,407**	517,538	505,310	501,446	496,145
4a	Total risk-weighted assets (pre-floor)	**522,407**	517,538	505,310	501,446	496,145
	Risk-based capital ratios as a percentage of RWA					
5	CET1 ratio (%)	**12.0**	11.6	12.3	11.8	12.3
5b	CET1 ratio (%) (pre-floor ratio)	**12.0**	11.6	12.3	11.8	12.3
6	Tier 1 ratio (%)	**13.5**	13.1	13.8	13.3	13.9
6b	Tier 1 ratio (%) (pre-floor ratio)	**13.5**	13.1	13.8	13.3	13.9
7	Total capital ratio (%)	**20.8**	20.0	20.6	20.3	20.9
7b	Total capital ratio (%) (pre-floor ratio)	**20.8**	20.0	20.6	20.3	20.9
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (%)	**3.75**	3.75	3.75	3.75	3.75
9	Countercyclical buffer requirement (%)	**0.85**	0.85	0.84	0.84	0.83
10	Bank G-SIB and/or D-SIB additional requirements (%)	**1.0**	1.0	1.0	1.0	1.0
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	**5.60**	5.60	5.59	5.59	5.58
12	CET1 available after meeting the bank's minimum capital requirements (%) [1]	**7.5**	7.1	7.8	7.3	7.8
	Basel III Leverage ratio					
13	Total Basel III leverage ratio exposure measure	**1,543,856**	1,522,249	1,497,194	1,478,547	1,453,694
14	Basel III leverage ratio (%)	**4.6**	4.4	4.7	4.5	4.7
	Liquidity Coverage Ratio (LCR)					
15	Total high-quality liquid assets (HQLA)	**190,526**	192,534	198,944	198,331	183,896
16	Total net cash outflow	**144,313**	145,016	150,981	149,112	141,075
17	LCR ratio (%)	**132**	133	132	133	130
	Net Stable Funding Ratio (NSFR)					
18	Total available stable funding	**997,098**	978,454	978,642	954,824	938,762
19	Total required stable funding	**866,001**	846,974	838,178	821,930	813,996
20	NSFR ratio (%)	**115**	116	117	116	115

1 Represents CET1 capital in excess of the regulatory minimum requirement of 4.5%.

Capital

CC1: Composition of regulatory capital

The table below, which provides the breakdown of the Group's regulatory capital as at 30 June 2026, should be read in conjunction with CC2: Reconciliation of regulatory capital to balance sheet and Reconciliation between detailed capital disclosures template and regulatory balance sheet. Further details on the key drivers of the movement in capital are provided on page 10.

		30 Jun 26 $M	Reconciliation Table Reference
	Common Equity Tier 1 capital: instruments and reserves		
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	33,531	Table A
2	Retained earnings	46,531	
3	Accumulated other comprehensive income (and other reserves)	(1,428)	
4	Directly issued capital subject to phase-out from CET1 capital (only applicable to non-joint stock companies)	–	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1 capital)	–	
6	**Common Equity Tier 1 capital before regulatory adjustments**	**78,634**	
	Common Equity Tier 1 capital: regulatory adjustments		
7	Prudent valuation adjustments	(20)	
8	Goodwill (net of related tax liability)	(5,288)	Table B
9	Other intangibles other than mortgage servicing rights (MSR) (net of related tax liability)	(3,171)	Table B
10	Deferred tax assets (DTA) that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	–	Table C
11	Cash flow hedge reserve	1,364	
12	Shortfall of provisions to expected losses	–	
13	Securitisation gain on sale	–	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	(19)	
15	Defined benefit pension fund net assets	(481)	
16	Investments in own shares (if not already subtracted from 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, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	–	
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	–	
20	MSR (amount above 10% threshold)	–	
21	DTA arising from temporary differences (amount above 10% threshold, net of related tax liability)	–	Table C
22	Amount exceeding the 15% threshold	–	
23	of which: significant investments in the common stock of financials	–	
24	of which: MSR	–	
25	of which: DTA arising from temporary differences	–	
26	National specific regulatory adjustments	(8,257)	
26a	of which: treasury shares	244	Table A
26b	of which: offset to dividends declared due to a dividend reinvestment plan (DRP), to the extent that the dividends are used to purchase new ordinary shares issued by the ADI	–	
26c	of which: deferred fee income	–	
26d	of which: equity investments in financial institutions not reported in rows 18, 19 and 23	(2,601)	Table F
26e	of which: deferred tax assets not reported in rows 10, 21 and 25	(2,586)	Table C
26f	of which: capitalised expenses	(1,401)	
26g	of which: investments in commercial (non-financial) entities that are deducted under APRA prudential requirements	(1,633)	Table F
26h	of which: covered bonds in excess of asset cover in pools	–	
26i	of which: undercapitalisation of a non-consolidation subsidiary	–	
26j	of which: other national specific regulatory adjustments not reported in rows 26a to 26i	(280)	
27	Regulatory adjustments applied to Common Equity Tier 1 capital due to insufficient Additional Tier 1 and Tier 2 capital to cover deductions	–	
28	**Total regulatory adjustments to Common Equity Tier 1 capital**	**(15,872)**	
29	**Common Equity Tier 1 capital (CET1)**	**62,762**	

Capital (continued)

CC1: Composition of regulatory capital (continued)

		30 Jun 26 $M	Reconciliation Table Reference
	Additional Tier 1 capital: instruments		
30	Directly issued qualifying additional Tier 1 instruments plus related stock surplus	7,907	
31	of which: classified as equity under applicable accounting standards	–	
32	of which: classified as liabilities under applicable accounting standards	7,907	Table D
33	Directly issued capital instruments subject to phase-out from additional Tier 1 capital	–	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group additional Tier 1 capital)	–	
35	of which: instruments issued by subsidiaries subject to phase-out	–	
36	**Additional Tier 1 capital before regulatory adjustments**	**7,907**	Table D
	Additional Tier 1 capital: regulatory adjustments		
37	Investments in own additional Tier 1 instruments	–	
38	Reciprocal cross-holdings in additional Tier 1 instruments	–	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	–	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation	–	
41	National specific regulatory adjustments	–	
42	Regulatory adjustments applied to additional Tier 1 capital due to insufficient Tier 2 capital to cover deductions	–	
43	**Total regulatory adjustments to additional Tier 1 capital**	**–**	
44	**Additional Tier 1 capital (AT1)**	**7,907**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**70,669**	
	Tier 2 capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	36,278	Table E
47	Directly issued capital instruments subject to phase-out from Tier 2 capital	–	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	–	
49	of which: instruments issued by subsidiaries subject to phase-out	–	
50	Provisions	2,268	
51	**Tier 2 capital before regulatory adjustments**	**38,546**	
	Tier 2 capital: regulatory adjustments		
52	Investments in own Tier 2 instruments	(30)	
53	Reciprocal cross-holdings in Tier 2 instruments and other TLAC liabilities	–	
54	Investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	(357)	
54a	Investments in the other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation and where the bank does not own more than 10% of the issued common share capital of the entity: amount previously designated for the 5% threshold but that no longer meets the conditions (for G-SIBs only)	–	
55	Significant investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	–	
56	National specific regulatory adjustments	–	
57	**Total regulatory adjustments to Tier 2 capital**	**(387)**	
58	**Tier 2 capital**	**38,159**	
59	**Total regulatory capital (= Tier 1 + Tier 2)**	**108,828**	
60	**Total risk-weighted assets**	**522,407**	

Capital (continued)

CC1: Composition of regulatory capital (continued)

		30 Jun 26 % / $M	Reconciliation Table Reference
	Capital adequacy ratios and buffers		
61	Common Equity Tier 1 capital (as a percentage of risk-weighted assets)	**12.0**	
62	Tier 1 capital (as a percentage of risk-weighted assets)	**13.5**	
63	Total capital (as a percentage of risk-weighted assets)	**20.8**	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets) [1]	**10.10**	
65	of which: capital conservation buffer requirement	**3.75**	
66	of which: bank-specific countercyclical buffer requirement	**0.85**	CCyB1
67	of which: higher loss absorbency requirement (D-SIB)	**1.00**	
68	Common Equity Tier 1 capital (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirements	**7.5**	
	National minima (if different from Basel III)		
69	National minimum Common Equity Tier 1 capital adequacy ratio (if different from Basel III minimum)	**–**	
70	National minimum Tier 1 capital adequacy ratio (if different from Basel III minimum)	**–**	
71	National minimum Total capital adequacy ratio (if different from Basel III minimum)	**–**	
	Amounts below the thresholds for deduction (before risk-weighting)		
72	Non-significant investments in the capital and other TLAC liabilities of other financial entities	**628**	Table F
73	Significant investments in the common stock of financial entities	**1,973**	Table F
74	MSR (net of related tax liability)	**–**	
75	DTA arising from temporary differences (net of related tax liability)	**2,586**	Table C
	Applicable caps on the inclusion of provisions in Tier 2 capital		
76	Provisions eligible for inclusion in Tier 2 capital in respect of exposures subject to standardised approach (prior to application of cap)	**70**	
77	Cap on inclusion of provisions in Tier 2 capital under standardised approach	**292**	
78	Provisions eligible for inclusion in Tier 2 capital in respect of exposures subject to internal ratings-based approach (prior to application of cap)	**2,197**	
79	Cap for inclusion of provisions in Tier 2 capital under internal ratings-based approach	**2,370**	

1 Comprises a minimum CET1 ratio of 4.5%, capital conservation buffer of 3.75% (per row 65), D-SIB buffer of 1% (per row 67) and a countercyclical capital buffer (per row 66).

Capital (continued)

CC2: Reconciliation of regulatory capital to balance sheet

The table below provides comparison between the Group's consolidated balance sheet in accordance with the published financial statements and the regulatory balance sheet for the Level 2 Regulatory consolidated Group as at 30 June 2026. For further details on the balance sheet, refer to the 2026 Annual Report.

	30 June 2026		
	Balance sheet as in published financial statements $M	Under regulatory scope of consolidation $M	Reference
Assets			
Cash and liquid assets	72,443	72,442	
Receivables from financial institutions	5,967	5,967	
Assets at fair value through income statement	113,238	113,238	
Derivative assets	27,514	27,514	
Investment securities:			
At amortised cost	390	390	
At fair value through other comprehensive income	124,108	124,108	
Assets held for sale	–	–	
Loans and other receivables	1,079,452	1,077,818	
Shares in and loans to controlled entities	–	89	Table F
Property, plant and equipment	3,606	3,606	
Intangible assets	8,515	8,515	Table B
Deferred tax assets	2,910	2,910	Table C
Other assets	14,313	14,314	
Total assets	**1,452,456**	**1,450,911**	
Liabilities			
Deposits and other public borrowings	1,012,557	1,012,557	
Payables to financial institutions	34,733	34,733	
Liabilities at fair value through income statement	64,254	64,254	
Derivative liabilities	25,050	25,050	
Due to controlled entities	–	158	
Current tax liabilities	658	656	
Deferred tax liabilities	67	67	Table C
Provisions	2,917	2,917	
Term funding from central banks	–	–	
Debt issues	170,920	169,261	
Bills payable and other liabilities	21,121	21,149	
Loan capital	41,475	41,475	Table D
Total liabilities	**1,373,752**	**1,372,277**	
Shareholders' equity			
Ordinary share capital	33,531	33,531	Table A
Reserves	(1,428)	(1,428)	
Retained profits	46,601	46,531	
Total shareholders’ equity	**78,704**	**78,634**	

Capital (continued)

CC2: Reconciliation of regulatory capital to balance sheet (continued)

Reconciliation between detailed capital disclosures template and regulatory balance sheet

The following supplementary tables provide information in relation to the reconciliation of regulatory capital to the balance sheet for the Level 2 Group.

Table A	30 Jun 26 $M	Template Reference
Share Capital		
Total per Balance Sheet (Ordinary Share Capital) [1]	33,531	Row 1
Treasury Shares held by the Group's employee share scheme trusts (APRA specific adjustment)	244	Row 26a
Total Ordinary Share Capital and Treasury Shares	33,775	

Table B	30 Jun 26 $M	Template Reference
Goodwill and Other Intangibles		
Total per Balance Sheet [1]	8,515	
Less capitalised software and other intangibles separately disclosed in template	(3,227)	
Total per Capital Template - Goodwill	5,288	Row 8
Other intangibles (including capitalised software) per Balance Sheet	3,227	
Less deferred tax liability associated with other intangibles	(56)	
Total per Capital Template - Other Intangibles	3,171	Row 9

Table C	30 Jun 26 $M	Template Reference
Deferred Tax Assets		
Deferred tax assets per Balance Sheet [1]	2,910	
Less deferred tax liabilities per Balance Sheet [1]	(67)	
Net Deferred Tax Assets [2]	2,843	
Adjustments required in accordance with APRA prudential standards [3]	(257)	
Total per Capital Template	2,586	Row 26e, 75

1 Represents the balance per Level 2 Regulatory Balance Sheet.
2 Represents the balance of deferred tax assets net of deferred tax liabilities per Level 2 Regulatory Balance Sheet.
3 Represents the deferred tax balances associated with reserves ineligible for inclusion in regulatory capital, intangibles and the impact of limitations of netting of balances within the same jurisdiction.

Capital (continued)

CC2: Reconciliation of regulatory capital to balance sheet (continued)

Table D	30 Jun 26 $M	Template Reference
Additional Tier 1 Capital		
Total Loan Capital per Balance Sheet [1]	41,475	
Add fair value hedge adjustments [2]	2,630	
Total Loan Capital net of issue costs at their contractual values	44,105	
Less amount related to Tier 2 Capital Instruments	(36,226)	
Total Tier 1 Loan Capital	7,879	
Add issue costs [3]	28	
Total per Capital Template	7,907	Row 36
Additional Tier 1 Capital Instruments comprises		
Basel III Complying Instruments		
PERLS XII	1,650	
PERLS XIII	1,180	
PERLS XIV	1,750	
PERLS XV	1,777	
PERLS XVI	1,550	
Total Additional Tier 1 Capital Instruments	7,907	Row 36

Table E	30 Jun 26 $M	Template Reference
Tier 2 Capital Instruments		
Total included in Balance Sheet	36,226	
Less amount of Tier 2 debt issued by subsidiary ineligible for inclusion in the Group's Capital	–	
Add issue costs [3]	52	
Total per Capital Template	36,278	Row 46, 47

1 Represents the balance per Level 2 Regulatory Balance Sheet.
2 For regulatory capital purposes, APRA requires these instruments to be included as if they were unhedged.
3 Unamortised issue costs relating to capital instruments are netted off against each instrument in the Balance Sheet. For regulatory capital purposes, these capital instruments are shown at face value. The unamortised issue costs are deducted from CET1 as part of capitalised expenses in Row 26f in the Table CC1.

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

Capital (continued)

CC2: Reconciliation of regulatory capital to balance sheet (continued)

Table F	30 Jun 26 $M	Template Reference
Equity Investments		
Investment in commercial entities	**1,633**	Row 26g
Investments in significant financial entities	**1,884**	Row 26d, 73
Investments in non-significant financial entities	**628**	Row 26d, 72
	4,145	
Equity investment in non-consolidated subsidiaries	**89**	Row 26d, 73
Total per Capital Template [1] [2]	**4,234**	

1 Equity investments are included in assets at fair value through income statement, investment securities, investment in regulatory non-consolidated subsidiaries and other assets in the Level 2 Group balance sheet.

2 The aggregate of investments in significant financial entities of $1,884 million, investments in non-significant financial entities of $628 million and equity investment in non-consolidated subsidiaries of $89 million is a total of $2,601 million and is included in Row 26d in CC1. The remaining balance of $1,633 million is related to investments in commercial entities.

Capital (continued)

CCyB1: Geographical distribution of credit exposures used in the calculation of the bank-specific countercyclical capital buffer requirement

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 Capital 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.

	30 June 2026			
Geographical breakdown [1]	**Countercyclical capital buffer rate %**	**RWA used in the computation of the countercyclical capital buffer $M**	**Bank-specific countercyclical capital buffer rate %**	**Countercyclical capital buffer [2] amount $M**
Australia	1.00	338,343		
United Kingdom	2.00	3,208		
Ireland	1.50	1,529		
France	1.00	861		
Netherlands	2.00	536		
Hong Kong	0.50	415		
Germany	0.75	386		
Luxembourg	0.50	358		
South Korea	1.00	299		
United Arab Emirates	0.50	290		
Other	0.50 to 2.50	975		
Sum [3]		**347,200**		
Other [4]		67,190		
Total		**414,390**	**0.85**	**4,430**

1 The geographical allocation is prepared on an ultimate risk basis.
2 The countercyclical capital buffer amount has been calculated using unrounded numbers.
3 Jurisdictions where non-zero countercyclical capital buffer rates apply.
4 Jurisdictions where countercyclical capital buffer rates of zero have been applied.

Leverage ratio

Leverage ratio is a non-risk-based measure introduced to supplement the risk-based capital requirements. It is designed to constrain the build-up of excessive leverage in the banking system. In accordance with APS 110, the ratio is calculated by dividing Tier 1 Capital by the total leverage ratio exposure measure.

LR1: Summary comparison of accounting assets vs leverage ratio exposure measure

The table below provides a reconciliation of the Group's total assets as at 30 June 2026 in accordance with the published financial statements and the total leverage ratio exposures determined under APS 110.

The key differences between the Group's total assets in accordance with the published financial statements and the total leverage ratio exposure measure are as follows:

- measurement of derivative financial instruments in accordance with accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB), compared to the application of the standardised approach for measuring counterparty credit risk exposures (SA-CCR) for the purposes of the leverage ratio exposure measure;
- off-balance sheet instruments are generally not recognised as assets in the financial statements but included in the calculation of the total leverage ratio exposure measure;
- SFTs exposures recognised in the financial statements at their reporting date values are included in the leverage ratio exposure measure based on the average month-end values during the quarter. In addition, SFTs exposures are adjusted to reflect counterparty credit risk in the calculation of the leverage ratio exposure measure; and
- total assets in accordance with the published financial statements are adjusted for regulatory capital deductions related to the Group's assets.

		30 Jun 26 $M	31 Dec 25 $M
1	Total consolidated assets as per published financial statements	**1,452,456**	1,408,728
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	**89**	89
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	**(1,634)**	(1,799)
4	Adjustments for temporary exemption of central bank reserves (if applicable)	**–**	–
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	**–**	–
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	**–**	–
7	Adjustments for eligible cash pooling transactions	**(2,509)**	(2,207)
8	Adjustments for derivative financial instruments	**(3,955)**	2,852
9	Adjustment for securities financing transactions (i.e. repurchase agreements and similar secured lending)	**(7,768)**	(15,753)
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	**124,211**	121,422
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	**–**	–
12	Other adjustments	**(17,034)**	(16,138)
13	**Leverage ratio exposure measure**	**1,543,856**	1,497,194

Leverage ratio (continued)

LR2: Leverage ratio common disclosure template

The table below shows the leverage ratio calculation and includes additional breakdowns of the leverage ratio exposure measure. Refer to page 14 for the details on the movements in the leverage ratio.

		30 Jun 26 $M	31 Mar 26 $M	31 Dec 25 $M
On-balance sheet exposures				
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	**1,334,876**	1,308,583	1,292,890
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	**–**	–	–
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	**(3,378)**	(3,417)	(5,141)
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	**–**	–	–
5	(Specific and general provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital)	**–**	–	–
6	(Asset amounts deducted in determining Tier 1 capital and regulatory adjustments)	**(19,543)**	(18,921)	(18,345)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)**	**1,311,955**	**1,286,245**	**1,269,404**
Derivative exposures				
8	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin, with bilateral netting and/or the specific treatment for client cleared derivatives)	**5,848**	11,631	6,696
9	Add-on amounts for potential future exposure associated with all derivatives transactions	**21,025**	22,096	20,949
10	(Exempted central counterparty (CCP) leg of client-cleared trade exposures)	**–**	–	–
11	Adjusted effective notional amount of written credit derivatives	**1,039**	1,144	808
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	**(976)**	(1,080)	(785)
13	**Total derivative exposures (sum of rows 8 to 12)**	**26,936**	**33,791**	**27,668**
Securities financing transaction exposures				
14	Gross SFT assets (with no recognition of netting), after adjustment for sale accounting transactions	**109,933**	108,963	114,453
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	**(32,218)**	(33,569)	(39,203)
16	Counterparty credit risk exposure for SFT assets	**3,039**	3,582	3,450
17	Agent transaction exposures	**–**	–	–
18	**Total securities financing transaction exposures (sum of rows 14 to 17)**	**80,754**	**78,976**	**78,700**
Other off-balance sheet exposures				
19	Off-balance sheet exposure at gross notional amount	**240,163**	239,058	237,112
20	(Adjustments for conversion to credit equivalent amounts)	**(115,952)**	(115,821)	(115,690)
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	**–**	–	–
22	**Off-balance sheet items (sum of rows 19 to 21)**	**124,211**	**123,237**	**121,422**
Capital and total exposures				
23	**Tier 1 capital**	**70,669**	67,713	69,829
24	**Total exposures (sum of rows 7, 13, 18 and 22)**	**1,543,856**	1,522,249	1,497,194
Leverage ratio				
25	**Leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves)**	**4.6**	4.4	4.7
25a	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	**4.6**	4.4	4.7
26	**National minimum leverage ratio requirement (%)**	**3.5**	3.5	3.5
Disclosure of mean values				
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	**77,715**	75,394	75,250
30	Total exposures (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	**1,543,856**	1,522,249	1,497,194
30a	Total exposures (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	**1,543,856**	1,522,249	1,497,194
31	Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	**4.6**	4.4	4.7
31a	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	**4.6**	4.4	4.7

Liquidity Risk

ENC: Asset encumbrance

The table below presents the carrying value of the Group's encumbered and unencumbered assets. For the purposes of this disclosure, encumbered assets are assets that the Group is restricted or prevented from liquidating, selling, transferring or assigning due to legal, regulatory, contractual or other constraints. The Group's sources of encumbrance include assets pledged under repurchase agreements, covered bonds, external securitisation and collateral. As at 30 June 2026, the Group has $147.8 billion of encumbered assets, which is predominantly debt securities of $77.4 billion and loans and advances of $60.6 billion.

	30 June 2026		
	Encumbered assets $M	Unencumbered assets $M	Total $M
Cash and liquid assets	120	72,323	**72,443**
Assets at fair value through income statement	59,811	53,427	**113,238**
Investment securities	17,550	106,948	**124,498**
Loans and other receivables	60,552	1,018,900	**1,079,452**
Property, plant and equipment	1,978	1,628	**3,606**
Other [1]	7,750	51,469	**59,219**
Total assets [2]	**147,761**	**1,304,695**	**1,452,456**

1 Represents other residual items disclosed in the balance sheet, as per the Group's published financial statements.
2 Total assets reflect the consolidated balance sheet number as reported in the Group's published financial statements.

	31 December 2025		
	Encumbered assets $M	Unencumbered assets $M	Total $M
Cash and liquid assets	173	82,433	**82,606**
Assets at fair value through income statement	58,069	59,607	**117,676**
Investment securities	17,309	98,377	**115,686**
Loans and other receivables	57,515	983,366	**1,040,881**
Property, plant and equipment	1,929	1,608	**3,537**
Other [1]	8,601	39,741	**48,342**
Total assets [2]	**143,596**	**1,265,132**	**1,408,728**

1 Represents other residual items disclosed in the balance sheet, as per the Group's published financial statements.
2 Total assets reflect the consolidated balance sheet number as reported in the Group's published financial statements.

Links between financial statements and regulatory exposures

LIA: Explanations of differences between accounting and regulatory exposure amounts

The legal entities included within the accounting scope of consolidation, but excluded from the Level 2 Regulatory Consolidated Group are detailed below:

- The following qualifying securitisation vehicles for which the Group has satisfied APRA's operational requirements for regulatory capital relief under APS 120 are deconsolidated for regulatory reporting purposes:
  - Medallion Trust Series 2017-1
  - Medallion Trust Series 2017-2
  - Medallion Trust Series 2018-1
  - Medallion Trust Series 2018-1P
  - Medallion Trust Series 2019-1
- CBA Captive Insurance Pte Ltd is a wholly owned insurance subsidiary of CBA that underwrites risks of the Group. This subsidiary is deconsolidated for regulatory reporting purposes and any equity invested in this captive insurer has been deducted from CET1 Capital in accordance with APS 111. Additionally, the Group does not recognise surplus capital in the insurance subsidiary when calculating capital adequacy.

Refer to section 3 *Scope of Application* for further details on the APS 330 reporting structure.

Refer to table LI2 for the explanation of the differences between carrying values and amounts of exposures considered for regulatory purposes.

Information on the Group's valuation methodologies for financial instruments is provided in Note 9.5 of the 2026 Annual Report.

Links between financial statements and regulatory exposures (continued)

LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

The table below provides an overview of the Group's balance sheet under accounting and regulatory consolidation scopes, and the mapping of reported balances to regulatory risk categories.

	30 June 2026						
			Carrying values of items: [1]				
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
	$M	$M	$M	$M	$M	$M	$M
Assets							
Cash and liquid assets	**72,443**	**72,442**	48,452	23,990	–	–	–
Receivables from financial institutions	**5,967**	**5,967**	1,182	4,786	–	1,117	–
Assets at fair value through income statement	**113,238**	**113,238**	13,464	63,956	–	105,719	388
Derivative assets	**27,514**	**27,514**	–	27,491	12	18,386	11
Investment securities:							
At amortised cost	**390**	**390**	–	–	390	–	–
At fair value through other comprehensive income	**124,108**	**124,108**	116,812	7	4,012	–	3,277
Assets held for sale	**–**	**–**	–	–	–	–	–
Loans and other receivables	**1,079,452**	**1,077,818**	1,055,435	707	16,566	1,654	3,456
Shares in and loans to controlled entities	**–**	**89**	–	–	–	–	89
Property, plant and equipment	**3,606**	**3,606**	3,606	–	–	–	–
Intangible assets	**8,515**	**8,515**	–	–	–	–	8,515
Deferred tax assets	**2,910**	**2,910**	–	–	–	–	2,910
Other assets	**14,313**	**14,314**	7,181	782	1	4,856	1,494
Total assets	**1,452,456**	**1,450,911**	**1,246,132**	**121,719**	**20,981**	**131,732**	**20,140**
Liabilities							
Deposits and other public borrowings	**1,012,557**	**1,012,557**	2,509	14,328	–	–	995,720
Payables to financial institutions	**34,733**	**34,733**	–	5,881	–	–	28,852
Liabilities at fair value through income statement	**64,254**	**64,254**	–	57,152	–	62,654	1,600
Derivative liabilities	**25,050**	**25,050**	–	25,045	38	18,551	(33)
Due to controlled entities	**–**	**158**	–	–	–	–	158
Current tax liabilities	**658**	**656**	–	–	–	–	656
Deferred tax liabilities	**67**	**67**	–	–	–	–	67
Provisions	**2,917**	**2,917**	407	–	–	–	2,510
Debt issues	**170,920**	**169,261**	–	–	–	–	169,261
Bills payable and other liabilities	**21,121**	**21,149**	–	147	–	3,517	17,485
Loan capital	**41,475**	**41,475**	–	–	–	–	41,475
Total liabilities	**1,373,752**	**1,372,277**	**2,916**	**102,553**	**38**	**84,722**	**1,257,751**

1 Where an exposure attracts capital charges according to more than one risk category framework (e.g. derivatives, securities financing transactions and collateral associated with these products), the carrying value for the transaction is reported in all columns that attract a capital charge. As a result, the sum of values in columns corresponding to various risk frameworks does not always equal the total carrying value under the scope of regulatory consolidation.

Links between financial statements and regulatory exposures (continued)

LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements

The table below presents the main differences between the accounting carrying values under the scope of regulatory consolidation and the exposure amounts for regulatory purposes. The regulatory exposures include the following additional components:

- *Off-balance sheet amounts and credit conversion factors (CCFs)*: off-balance sheet exposures consist of items such as undrawn commitments, financial guarantees and other off-balance sheet products. APRA-assigned CCFs are applied to these exposures based on their nature to determine the regulatory exposure amount;
- *Valuation differences*: driven by the regulatory valuation of derivatives and SFT which can differ from the accounting valuation. The regulatory valuation reflects the inclusion of potential future exposure amounts and the 1.4 SA-CCR alpha multiplier;
- *Netting rules*: the rules for netting financial assets with financial liabilities differ between accounting and regulatory treatments;
- *Consideration of provisions*: the differences arising from the consideration of provisions pertain to the grossing up of provisions associated with IRB exposures; and
- *CRM techniques*: these differences consist of eligible collateral recognised to mitigate regulatory exposures and reduce capital requirements in accordance with APS 112 and APS 113.

		30 June 2026				
			Items subject to:			
		Total $M	Credit risk framework $M	Securitisation framework $M	Counterparty credit risk framework $M	Market risk framework $M
1	**Asset carrying value amount under scope of regulatory consolidation** [1]	**1,430,771**	**1,246,132**	**20,981**	**121,719**	**131,732**
2	Liabilities carrying value amount under regulatory scope of consolidation [1]	**(114,526)**	(2,916)	(38)	(102,553)	(84,722)
3	**Total net amount under regulatory scope of consolidation**	**1,316,245**	**1,243,216**	**20,943**	**19,166**	**47,010**
4	Off-balance sheet amounts	**243,109**	237,984	5,125	–	
5	Differences in valuations	**25,405**	–	–	25,405	
6	Differences due to different netting rules, other than those already included in row 2	**(8,743)**	952	–	(9,695)	
7	Differences due to consideration of provisions	**6,476**	6,476	–	–	
8	Differences due to the use of credit risk mitigation techniques (CRMs)	**(951)**	(951)	–	–	
9	Differences due to credit conversion factors	**(67,509)**	(67,509)	–	–	
10	Differences due to securitisation with risk transfer	**–**	–	–	–	
11	**Exposure amounts considered for regulatory purposes**	**1,514,032**	**1,420,168**	**26,068**	**34,876**	

1 The total amount reflects the ‘Carrying values under scope of regulatory consolidation’ column less ‘Not subject to capital requirements or subject to deduction from capital’ column in template LI1. Therefore, the total amount will not equal the sum of ‘Credit risk framework’, ‘Securitisation framework’, ‘Counterparty credit risk framework’ and ‘Market risk framework’ columns above.

15 Governance and management attestation

Prudential Disclosure Policy

In line with APS 330, the Group maintains a Board-approved disclosure policy that sets out the Group's approach to determining the content of its prudential disclosures, and the internal controls and procedures for disclosures, including review and verification processes. The key elements of the policy are detailed below.

Approach to Determining Content of Prudential Disclosures

The Group's disclosure policy reflects the key principles of APS 330 and supports compliance of the Group's Pillar 3 disclosures with the requirements of APS 330. The disclosures consist of key prudential metrics and information on the Group's risk management approach, regulatory capital, credit risk, counterparty credit risk, securitisation, market risk, operational risk, interest rate risk in the banking book, countercyclical capital buffer requirement, leverage ratio, and liquidity. The Group seeks to ensure that these prudential disclosures are consistent with information reviewed by external auditors, supplied to APRA, or published elsewhere; and due consideration is given to disclosing information that is meaningful to users.

Internal Controls and Procedures for Disclosures

The Group maintains internal controls over the appropriateness and accuracy of the Pillar 3 disclosures, which are aligned with the verification process that is applied in the preparation of the Group's financial reports. Prior to each reporting cycle, the Group assesses the current reporting requirements and updates its Pillar 3 disclosures to reflect any regulatory or operational changes required.

The Group's disclosure policy clearly defines the roles and responsibilities of relevant stakeholders and mandates a formal approval framework seeking to ensure adequate accountability and governance over the disclosures provided. The disclosures undergo an internal review process, with oversight from senior management to verify the integrity and reliability of the information. Structured review meetings are held to assess the completeness, accuracy, and underlying drivers of reported information; and subject matter experts are required to review and approve the completeness and accuracy of the data, reinforcing the quality of the disclosures.

The Group's disclosure policy also requires that the Group Chief Financial Officer (CFO), Group Chief Risk Officer (CRO), and Group Chief Executive Officer (CEO) review and endorse the disclosures. Board approval is required for the publication of the half-year (6 months ending 31 December) and full-year (year ending 30 June) Pillar 3 disclosures. The Group CFO, CRO, and CEO have delegated authority from the Board to jointly approve and authorise the publication of the Pillar 3 Report for the remaining quarters (quarters ending 31 March and 30 September).

Although the Pillar 3 disclosures are not required to be audited by an external auditor, the Group engages 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*.

Governance and management attestation (continued)

Management attestation

Commonwealth Bank of Australia attests that:

Prudential disclosures for the Commonwealth Bank of Australia and its subsidiaries (the Group) are prepared in accordance with the "Disclosure requirements" Standard made by the Basel Committee on Banking Supervision (BCBS Standard), subject to modifications specified in APRA Prudential Standard APS 330 *Public Disclosure* (APS 330). In line with APS 330, the Group maintains a Board-approved disclosure policy that sets out the Group's approach to determining the content of its prudential disclosures, and the internal controls and procedures for disclosures, including review and verification processes. The Group's Pillar 3 Capital Adequacy and Risk Disclosures as at 30 June 2026 have been prepared in accordance with the Group's disclosure policy.

Alan Docherty

Group Chief Financial Officer

12 August 2026

16 Glossary

Term	Definition
Additional Tier 1 Capital (AT1)	Additional Tier 1 Capital is a concept defined by APRA and consists of high quality capital that essentially provides a permanent and unrestricted commitment of funds, is freely available to absorb losses, ranks behind the claims of depositors and other senior creditors in the event of a wind-up, and provides for fully discretionary capital distributions.
Advanced Internal Ratings-based (AIRB) Approach	This approach is used to measure credit risk in accordance with the Group's Basel III accreditation. 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.
ASB	ASB Bank Limited – a subsidiary of the Commonwealth Bank of Australia that is regulated by the RBNZ.
Australian Accounting Standards	The Australian Accounting Standards as issued by the Australian Accounting Standards Board (AASB).
Australian Prudential Regulation Authority (APRA)	The Australian Prudential Regulation Authority is an independent statutory authority that supervises institutions across banking, insurance and superannuation, and is accountable to the Australian parliament. The regulator of banks, insurance companies and superannuation funds, credit unions, building societies and friendly societies in Australia.
Authorised Deposit-taking Institution (ADI)	ADIs are corporations that are authorised under the *Banking Act 1959* (Cth) to carry on banking business in Australia.
Banking Book	The banking book is a term for assets on a bank's Balance Sheet that are expected to be held to maturity, usually consisting of loans to, and deposits from retail and corporate customers. The banking book can also include those derivatives that are used to hedge exposures arising from the banking book activity, including interest rate risk.
Basel III	Refers to the Basel Committee on Banking Supervision's framework for more resilient banks and banking systems issued in December 2010 (revised in June 2011), Capital requirements for bank exposures to central counterparties (July 2012), and the subsequent Basel III reforms finalised in December 2017.
Capital Floor	The capital floor is defined as the higher of total RWA as determined under the IRB approach, and 72.5% of total RWA as calculated under the standardised approach.
CBA	Commonwealth Bank of Australia – the head entity of the Group.
Central Counterparty (CCP)	A clearing house that interposes itself between counterparties to contracts traded in one or more financial markets, thereby ensuring the future performance of open contracts.
Collective Provision	All loans and receivables that do not have an individually assessed provision are assessed collectively for impairment. The Collective Provision is maintained to reduce the carrying value of the portfolio of loans to their estimated recoverable amounts. These provisions are reported in the Group's Financial Statements in accordance with Australian Accounting Standards (AASB 9 *Financial Instruments*).
Commercial Property	Basel asset class – a property exposure that is not a residential property or a land acquisition, development and construction exposure.
Common Equity Tier 1 (CET1) Capital	The highest quality of capital available to the Group reflecting the permanent and unrestricted commitment of funds that are freely available to absorb losses. It comprises ordinary share capital, retained earnings and reserves, less prescribed deductions.
Corporate	This includes commercial credit risk where annual revenues are greater than or equal to $75 million but less than $750 million.
Corporate - Large	Basel asset class – applies to commercial credit risk where annual revenues are more than $750 million.
Credit Valuation Adjustment (CVA) Risk	The risk of mark-to-market losses related to deterioration in the credit quality of a derivative counterparty.
Domestic Public Sector Entity	Basel asset class – exposures that do not meet the definition of Sovereign exposures, but have a level of control or ownership by any level of the Australian Government or the RBA, including those which do not have specific revenue-raising powers.
Exposure at Default (EAD)	The extent to which the Group may be exposed upon default of a borrower.

Glossary (continued)

Term	Definition
Extended Licenced Entity (ELE)	An Extended Licensed Entity is comprised of an ADI and each subsidiary of an ADI as specified in any approval granted by APRA in accordance with Prudential Standard APS 222 *Associations with Related Entities.*
External Credit Assessment Institution (ECAI)	For example: Moody's Investor Services, S&P Global Ratings or Fitch Ratings.
Financial Institution	Basel asset class – primarily includes exposures which relate to: banking, the management of financial assets, lending, factoring, leasing, provision of credit enhancements, securitisation, investments, financial custody, central counterparty services, and proprietary trading.
Foundation Internal Ratings-based (FIRB) Approach	This approach is used to measure credit risk in accordance with the Group's Basel III accreditation that allows the Group to use internal estimates of PD and rely on supervisory estimates for LGD and EAD for the purposes of calculating regulatory capital.
General Provisions	Collective Provisions classified as Stage 1 and Stage 2 in accordance with Australian Accounting Standards (AASB 9 *Financial Instruments*). 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.
Group	Commonwealth Bank of Australia and its subsidiaries.
High Quality Liquid Assets (HQLA)	Assets are considered to be high quality liquid assets if they can be easily and immediately converted into cash at little or no loss of value.
Individual Provisions	Provisions made against individual facilities where there is objective evidence of impairment and full recovery of principal and interest is considered doubtful. These provisions are as reported in the Group's Financial Statements in accordance with the Australian Accounting Standards (AASB 9 *Financial Instruments*). Also known as individually assessed provisions or IAP.
Interest Rate Risk in the Banking Book (IRRBB)	The risk that the Group's earnings and economic value are adversely affected by changes in interest rates. The Group's banking book activities include lending, investing in liquid assets, deposit taking, issuing wholesale funding and managing capital. These activities generate interest income and expense and expose the Group to interest rate risk. IRRBB arises from mismatches in the interest rate repricing of assets and liabilities, which can create volatility in both earnings and the economic value of the banking book.
Level 1	The Parent Bank (Commonwealth Bank of Australia), offshore branches (the Bank) and APRA approved Extended Licensed Entities.
Level 2	The level at which the Group reports its capital adequacy to APRA, being the Consolidated Banking Group comprising the ADI and all of its subsidiary entities other than the insurance business and certain entities through which securitisation of Group assets is conducted. This is the basis on which this report has been produced.
Level 3	The conglomerate group including the Group's insurance entity and qualifying securitisation entities.
Leverage Ratio	Tier 1 Capital divided by total exposures, expressed as a percentage.
Liquidity Coverage Ratio (LCR)	The LCR is a quantitative liquidity measure that is part of the Basel III reforms. It was implemented by APRA in Australia on 1 January 2015. It requires Australian ADIs to hold sufficient liquid assets to meet 30 day net cash outflows projected under an APRA-prescribed stress scenario.
Loss Given Default (LGD)	An estimate of the expected severity of loss for a credit exposure following a default event. LGD represents the fraction of EAD that is not expected to be recovered following default.
Net Cash Outflows (NCO)	Net cash outflows in the LCR are calculated by applying prescribed run-off factors on liabilities and various off-balance sheet exposures that can generate a cash outflow in the next 30 days.
Net Stable Funding Ratio (NSFR)	NSFR is the ratio of the amount of available stable funding (ASF) to the amount of required stable funding (RSF) defined by APRA. 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.

Term	Definition
Non-performing	Credit exposures are classified as non-performing when they are in default. Default is considered to have occurred with regards to a particular borrower or counterparty when either: • they are 90 calendar days or more past-due on a credit obligation to the Group; and/or • the Group considers they are unlikely to pay their credit obligations to the Group in full, without recourse by the Group to actions such as realising available security. A credit exposure that has been classified as non-performing may be reclassified to performing when all of the following criteria are met: • the borrower or counterparty does not have any credit exposure 90 days or more past-due; • the borrower's or counterparty's situation has improved so that full repayment of the credit exposure is likely; • repayments have been made when due over a continuous repayment period of at least 90 calendar days, or at least six months for restructured exposures; and • no individually assessed provision is held.
Operational Risk under the Standardised Measurement Approach	The methodology used to measure operational risk, utilising an APRA prescribed formulaic approach which is largely dependent on profit or loss from ordinary banking activities.
Other Assets	Basel asset class – primarily includes Cash Items, Investments in Related Entities, Fixed Assets, Lease Assets and Margin Lending.
Other Retail	Basel asset class – primarily includes retail credit exposures not otherwise classed as a residential mortgage, SME retail or a qualifying revolving retail asset.
Past-due	Facilities are past-due when a contracted amount, including principal or interest, has not been met when due, or when it is otherwise outside contracted arrangements.
Probability of Default (PD)	The PD reflects a borrower's ability to generate sufficient cash flows in the future to meet the terms of all of its credit obligations to the Group.
Prudential Capital Requirement (PCR)	The regulatory minimum CET1, Tier 1 and Total Capital ratios that the Group is required to maintain at all times.
Qualifying Revolving Retail (QRR)	Basel asset class – represents revolving exposures less than $0.1 million to individuals, unsecured and unconditionally cancellable by the Group. Only Australian retail credit cards qualify for this asset class.
RBA	Reserve Bank of Australia.
RBNZ	Reserve Bank of New Zealand.
RBNZ regulated entities	All references to RBNZ regulated entities refer to RBNZ regulated subsidiaries and include ASB exposures for which RWA are calculated using the RBNZ's prudential rules subject to certain APRA-prescribed adjustments.
Residential Mortgage	Basel asset class – retail exposures secured by residential mortgage property.
Risk Weighted Assets (RWA)	The value of the Group's on and off-balance sheet assets are adjusted by risk weights calculated according to various APRA prudential standards.
Scaling Factor	In order to broadly maintain the aggregate level of capital in the global financial system post implementation of Basel II, the Basel Committee on Banking Supervision applies a scaling factor to the RWA amounts for credit risk under the IRB Retail, AIRB and FIRB approaches of 1.10. This is also applied to advanced exposures within RBNZ regulated entities.
Securities Financing Transaction (SFT)	Means a transaction such as a repurchase agreement, reverse repurchase agreement or a securities lending and borrowing transaction where the value of the transaction depends on the market valuation of securities and the transaction is typically subject to margin agreements.
Securitisation	Basel asset class – Group originated securitised exposures and the provision of facilities to customers in relation to securitisation activities.
SME Corporate	Basel asset class – Small and Medium Enterprise (SME) commercial credit risk where annual revenues are less than $75 million.
SME Retail	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.

Glossary (continued)

Term	Definition
Sovereign	Basel asset class – primarily claims on Australian and foreign governments, central banks (including the RBA), international banking agencies and regional development banks.
Specialised Lending	Basel asset classes subject to the supervisory slotting approach which include: object finance, project finance and commodity finance.
Specific Provisions	All provisions, both collectively and individually assessed, classified as Stage 3 in accordance with Australian Accounting Standards (AASB 9 *Financial Instruments*).
Stage 1	On origination, an impairment provision equivalent to 12 months expected credit losses (ECL) is recognised, reflecting the credit losses expected to arise from defaults occurring over the next 12 months.
Stage 2	Financial assets that have experienced a significant increase in credit risk (SICR) since origination are transferred to Stage 2 and an impairment provision equivalent to lifetime ECL is recognised. Lifetime ECL is the credit losses expected to arise from defaults occurring over the remaining life of financial assets. If credit quality improves in a subsequent period such that the increase in credit risk since origination is no longer considered significant the exposure is reclassified to Stage 1 and the impairment provision reverts to 12 months ECL.
Stage 3	Non-performing (defaulted) financial assets are transferred to Stage 3 and an impairment provision equivalent to lifetime ECL is recognised.
Standardised Approach	An alternate approach to the assessment of credit, operational and traded market risk whereby an ADI uses external ratings agencies to assist in assessing credit risk and/or the application of specific values provided by regulators to determine RWA.
Stressed Value-at-Risk (SVaR)	Stressed Value-at-Risk uses the same methodology as VaR except that the historical data used is taken from a one year observation period of significant market volatility as seen during the Global Financial Crisis.
Tier 1 Capital	Comprises CET1 and Additional Tier 1 Capital.
Tier 2 Capital	Capital items that fall short of the necessary conditions to qualify as Tier 1 Capital.
Total Capital	Comprises CET1, Additional Tier 1 Capital and Tier 2 Capital.
Total Exposures (as used in the leverage ratio)	The sum of on balance sheet items, derivatives, securities financing transactions (SFTs), and off balance sheet items, net of any Tier 1 regulatory deductions that are already included in these items, as outlined in APS 110 *Capital Adequacy* (APS 110) Attachment D.
Trading Book	Exposures, including derivative products and other off balance sheet instruments that are held either with a trading intent or to hedge other elements of the trading book.
Value-at-Risk (VaR)	Value-at-Risk is a measure of potential loss using historically observed market volatility and correlation between different markets.

Important information

This report may contain certain forward-looking statements. These can generally be identified by the use of words such as “may”, “will”, “would”, “could”, “expect”, “aim”, “estimate” or other similar words, and include statements regarding the Group’s intent, belief or current expectations with respect to the Group’s business and operations, market conditions, results of operations and financial condition, capital adequacy and risk management. Such forward-looking statements speak only as at the date of this report. Although the Group currently believes the forward-looking statements have a reasonable basis, they are not certain and involve known and unknown risks and assumptions, many of which are beyond the control of the Group, which may cause actual results, conditions or circumstances to differ materially from those expressed or implied in such statements.

Actual results may vary significantly from those anticipated or suggested by forward-looking statements, due to a range of factors, including but not limited to those outlined in the sections titled ‘Our operating context’ and ‘Managing our risks’ in our 2026 Annual Report, available at commbank.com.au/annualreport. Readers are cautioned not to place undue reliance on forward-looking statements, particularly in light of: rising macroeconomic uncertainty, heightened geopolitical risks and volatility, increased competitive intensity and the evolving technological landscape.

This report includes credit ratings and is only for distribution to persons who are entitled to receive such a presentation and anyone who receives this presentation must not distribute it to any person who is not entitled to receive it. A credit rating is not a recommendation to buy, sell or hold any securities and may be changed at any time by the applicable credit ratings agency. Each credit rating should be evaluated independently of any other credit rating.