Reporting Standard ARS 112.0

Capital Adequacy: Standardised Approach to Credit Risk

Objective of this Reporting Standard

This Reporting Standard sets out requirements for the provision of information to APRA relating to an authorised deposit-taking institution's on- and off-balance sheet exposures that are subject to calculations using the standardised approach to credit risk.

It includes associated instructions (all of which are attached and form part of this Reporting Standard) and should be read in conjunction with *Prudential Standard APS 112 Capital Adequacy: Standardised Approach to Credit Risk*.

Authority

1. This Reporting Standard is made under section 13 of the *Financial Sector (Collection of Data) Act 2001.*

Purpose

2. The information reported to APRA under this Reporting Standard is used by APRA for the purpose of prudential supervision including assessing compliance with capital adequacy standards. It may also be used by the Reserve Bank of Australia (RBA) and the Australian Bureau of Statistics (ABS).

Application and commencement

3. This Reporting Standard applies to an authorised deposit-taking institution (ADI) that is applying the standardised approach to credit risk to all or part of its exposures for capital adequacy purposes (refer to *Prudential Standard APS 112 Capital Adequacy: Standardised Approach to Credit Risk* (APS 112) or *Prudential Standard APS 113 Capital Adequacy: Internal Ratings-based Approach to Credit Risk* (APS 113), as appropriate).

4. This Reporting Standard may also apply to the non-operating holding company (NOHC) of an ADI (refer to paragraph 7).

5. This Reporting Standard applies for reporting periods ending on or after ~~30 September 2024~~1 January 2027.

Information required

6. An ADI to which this Reporting Standard applies must provide APRA with the information required by this Reporting Standard designated for an ADI at Level 1 in respect of each reporting period.

7. If an ADI to which this Reporting Standard applies is part of a Level 2 group, the ADI must also provide APRA with the information required by this Reporting Standard designated for an ADI at Level 2 for each reporting period, unless the ADI is a subsidiary of an authorised NOHC. If the ADI is a subsidiary of an authorised NOHC, the ADI's immediate parent NOHC must provide APRA with the information required by that form for each reporting period. In doing so, the immediate parent NOHC must comply with this Reporting Standard (other than paragraphs 6 and 13) as if it were the relevant ADI.

Method of submission

8. The information required by this Reporting Standard must be given to APRA:

   (a) in electronic format using an electronic method available on APRA's website; or

   (b) by a method notified by APRA prior to submission.

Reporting periods and due dates

9. Subject to paragraph 10, an ADI to which this Reporting Standard applies must provide the information required by this Reporting Standard for each quarter based on the financial year (within the meaning of the *Corporations Act 2001*) of the ADI.

10. APRA may, by notice in writing, change the reporting periods, or specified reporting periods, for a particular ADI, to require it to provide the information required by this Reporting Standard more frequently, or less frequently, having regard to:

    (a) the particular circumstances of the ADI;

    (b) the extent to which the information is required for the purposes of the prudential supervision of the ADI; and

    (c) the requirements of the RBA or the ABS.

11. The information required by this Reporting Standard must be provided to APRA within 35 calendar days after the end of the reporting period to which this information relates.

12. APRA may grant an ADI an extension of a due date in writing, in which case the new due date for the provision of the information will be the date on the notice of extension.

    Note: For the avoidance of doubt, if the due date for a particular reporting period falls on a day other than a usual business day, an ADI is nonetheless required to submit the information required no later than the due date.

Quality control

13. All information provided by an ADI under this Reporting Standard (except for the information required under paragraph 7) must be the product of systems, processes and controls that have been reviewed and tested by the external auditor of the ADI as set out in *Prudential Standard APS 310 Audit and Related Matters*. Relevant standards and guidance statements issued by the Auditing and Assurance Standards Board provide information on the scope and nature of the review and testing required from external auditors. This review and testing must be done on an annual basis or more frequently if required by the external auditor to enable the external auditor to form an opinion on the accuracy and reliability of the information provided by an ADI under this Reporting Standard.

14. All information provided by an ADI under this Reporting Standard must be subject to processes and controls developed by the ADI for the internal review and authorisation of that information. These systems, processes and controls are to assure the completeness and reliability of the information provided.

Authorisation

15. When an officer or agent of an ADI provides the information required by this Reporting Standard using an electronic format, the officer or agent must digitally sign the relevant information using a digital certificate acceptable to APRA.

Variations

16. APRA may, by written notice to the ADI, vary the reporting requirements of this Reporting Standard in relation to that ADI.

Transition

~~17.~~ An ADI must report under the ~~old~~ reporting standard revoked by the determination that makes this Reporting Standard in respect of any reporting periods ending before~~in respect of a transitional reporting period. For these purposes:~~

~~18. ***old reporting standard*** means the reporting standard revoked by the determination that makes this Reporting Standard (being the reporting standard that this Reporting Standard replaces); and~~

~~19. ***transitional reporting period*** means a reporting period within the meaning given in the old reporting standard:~~

~~20. that ended before 30 September 2024~~1 January 2027~~; and~~

~~21. in relation to which the ADI would have been required, if the old reporting standard had not been revoked, to report by a date on or after the date of revocation of the old reporting standard.~~

~~22.~~17. ~~*Note:* For the avoidance of doubt, if an ADI was required to report under an old reporting standard, and the reporting documents were due before the date of revocation of the old reporting standard, the ADI is still required to provide any overdue reporting documents in accordance with the old reporting standard~~.

Interpretation

~~23.~~18. In this Reporting Standard the following definitions are applicable:

AASB has the meaning in section 9 of the *Corporations Act 2001*.

ADI means an authorised deposit-taking institution within the meaning of the *Banking Act 1959*.

APRA means the Australian Prudential Regulation Authority established under the *Australian Prudential Regulation Authority Act 1998*.

~~***APS 001*** means *Prudential Standard APS 001 Definitions* or, if that standard is revoked, *Prudential Standard CPS 001 Defined terms* as it applies to an ADI or authorised NOHC.~~

authorised NOHC has the meaning given in the *Banking Act 1959*.

business days means ordinary business days, exclusive of Saturdays, Sundays and public holidays.

~~***A***~~***CPS 001*** means ~~*Prudential Standard APS 001 Definitions* or, if that standard is revoked, *Prudential Standard CPS 001 Defined terms*~~ as it applies to an ADI or authorised NOHC.

due date means the relevant due date under paragraph 11 or, if applicable, the date on a notice of extension given under paragraph 12.

foreign ADI has the meaning given in section 5 of the *Banking Act 1959*.

immediate parent NOHC means an authorised NOHC, or a subsidiary of an authorised NOHC, that is an immediate parent NOHC.

IRB approach refers to the internal ratings-based approach to credit risk, as set out in APS 113.

Level 1 has the meaning given to that expression in C~~A~~PS 001.

Level 2 has the meaning given to that expression in C~~A~~PS 001.

locally incorporated means incorporated in Australia or in a State or Territory of Australia, by or under a Commonwealth, State or territory law.

reporting period means a period mentioned in paragraph 9 or, if applicable, paragraph 10.

~~24.~~19. Unless the contrary intention appears, a reference to an Act, Prudential Standard, Reporting Standard, Australian Accounting or Auditing and Assurance Standard is a reference to the instrument as in force or existing from time to time.

Reporting Standard ARS 112.0

Capital Adequacy: Standardised Approach to Credit Risk

General instructions

Application to an IRB or an applicant IRB ADI

An ADI that has received IRB approval under APS 113 and has approval for partial use of the standardised approach under APS 112 is expected to report under this reporting form in respect of operations that remain under standardised approach.

An ADI that is operating under the APS 112 standardised approach to credit risk, but has applied to adopt IRB approach is expected to continue to meet the requirements of this standard for all exposures. In addition, the ADI is expected to meet the requirements in ARS 113 for those exposures they are seeking approval to use the IRB approach under APS 113 and separately report under this form in respect of operations that will remain under standardised approach (i.e. partial use).

Securitisation deconsolidation principle

Except as otherwise specified in these instructions, the following applies:

1. Where an ***ADI*** (or a member of its ***Level 2*** consolidated group) participates in a securitisation that meets ***APRA's*** operational requirements for regulatory capital relief under *Prudential Standard APS 120 Securitisation* (APS 120):

   (a) special purpose vehicles (SPVs) holding securitised assets may be treated as non-consolidated independent third parties for regulatory reporting purposes, irrespective of whether the SPVs (or their assets) are consolidated for accounting purposes;

   (b) the assets, liabilities, revenues and expenses of the relevant SPVs may be excluded from the ***ADI's*** reported amounts in ***APRA's*** regulatory reporting returns; and

   (c) the underlying assets (i.e. the pool) under such a securitisation may be excluded from the calculation of regulatory capital (refer to APS 120), however the ADI must still hold regulatory capital for any securitisation exposure[1] that it retains or acquires and such exposures are to be reported in *Reporting Form ARF 120.1 Securitisation – Regulatory Capital*. The risk-weighted assets (***RWA***) relating to such securitisation exposures must also be reported in ARS 110.0.

[1] "securitisation exposure" is defined in accordance with APS 120.

2. Where an ***ADI*** (or a member of its ***Level 2*** consolidated group) participates in a securitisation that does not meet ***APRA's*** operational requirements for regulatory capital relief under APS 120, or the ***ADI*** undertakes a funding-only securitisation or synthetic securitisation, such assets are to be reported as on-balance sheet in ***APRA's*** regulatory reporting returns.

Definitions

All terms highlighted in ***bold italics*** in this Reporting Standard are as defined in APS 112.

Specific instructions

Table 1: Capital Adequacy: Standardised Approach to Credit Risk

Scope

The risk-weighting process used for measuring the credit RWA of an ADI covers all or part of the ADI's exposures that are subject to the standardised approach, except the following specifically excluded items:

a) those assets or investments that are required to be deducted from Tier 1 and/or Tier 2 capital under *Prudential Standard APS 111 Capital Adequacy: Measurement of Capital* (APS 111);

b) securitisation exposures, which are subject to the requirements of APS 120; and

c) exposures of an overseas banking subsidiary that is prudentially regulated by a prescribed New Zealand authority.

Reporting basis

Complete Table 1 for all exposures that use the standardised approach to credit risk, excluding exposures held by New Zealand subsidiaries.

The table is to be completed at Level 1 and Level 2 by all ADIs other than foreign ADIs and providers of purchased payment facilities.

If an ADI is a subsidiary of a NOHC, the report at Level 2 is to be provided by the ADI's immediate parent NOHC.[1]

Report data as at the end of the reporting period.

When used together, the symbols <= mean less than or equal to and the symbols >= mean greater than or equal to.

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[1] Refer to paragraph 7 of this reporting standard.

Reporting tables

The table described in this reporting standard lists each of the data fields required to be reported. The data fields are listed sequentially in the column order that they will appear in the reported data set. Constraints on the data that can be reported for each field have also been provided. The Unique identifier column indicates which field or fields form the primary key of the table. Where a field has 'Y' in the Unique identifier column, this denotes that this field forms part of the primary key for the table. A blank cell in the Unique identifier column means that the field does not form part of the primary key for the table. Any specific combination of values in the fields that form the primary key of a table must not appear on more than one row in that table when reported.

Units of measurement

Report all values in whole Australian dollars (no decimal place).

Convert amounts denominated in foreign currency to Australian dollars in accordance with Australian Accounting Standards.

Table 1: Standardised Approach to Credit Risk

	Name	Unique Identifier	Valid values	Description
1	Exposure classification	Y	• ***Residential property - owner occupied and principal and interest - standard*** • ***Residential property - other - standard*** • ***Residential property - non-standard - reverse mortgages*** • ***Residential property - non-standard - other*** • ***Commercial property - dependent - standard*** • ***Commercial property - dependent - non-standard*** • ***Commercial property - not dependent on cashflows - standard***	Exposure classes are as defined in APS 112. Also refer to *Prudential Practice Guide APG 112 Standardised Approach to Credit Risk* as existing at the commencement of this reporting standard (APG 112) for further details of the definitions. Guidance on specific exposure classes: ***Bank - short-term exposure*** captures exposures that meet the requirements in paragraph 9 of Attachment B to APS 112. ***Bank - short-term issue-specific credit***

			• ***Commercial property - not dependent on cashflows - non-standard*** • ***ADC - risk-weighted at 100%*** • ***ADC - other*** • ***Sovereign*** • ***Domestic PSE*** • ***Bank - long-term exposure*** • ***Bank - short-term exposure*** • ***Bank - short-term issue-specific credit rating*** • ***Covered bond*** • ***General corporate - short-term issue-specific credit rating*** • ***General corporate - SME corporate*** • ***General corporate - SME retail*** • ***General corporate - other*** • ***Specialised lending - project finance*** • ***Specialised lending - object finance*** • ***Specialised lending - commodities finance*** • ***Retail - credit card*** • ***Retail - other*** • ***Margin lending - secured by eligible financial collateral*** • ***Margin lending - secured by other collateral*** • ***Subordinated debt*** • ***Equity - listed on a recognised exchange*** • ***Equity - not listed on a recognised exchange*** • ***Leases (excluding residual value)*** • ***Residual value for leases (<= 10% of Common Equity Tier 1 capital)***	***rating*** captures short-term bank exposures with an issue-specific external credit rating. ***Bank - long-term exposure*** captures all other bank exposures. ***Covered bond*** captures exposures that are risk-weighted in accordance with paragraph 14 of Attachment B to APS 112. ***General corporate – short-term issue-specific credit rating*** captures short-term general corporate exposures with an issue-specific external credit rating. ***General corporate - SME corporate*** and ***General corporate - SME retail*** capture exposures risk-weighted in accordance with paragraph 23 of Attachment B to APS 112. ***General corporate - other*** captures all other general corporate exposures. ***Equity - listed on a recognised exchange*** includes equity exposure to ADI's banking or insurance subsidiary at Level 1. ***Gold bullion*** includes gold bullion held at the ADI or held in another ADI on an allocated basis, to the extent the gold bullion assets are backed by gold bullion liabilities. ***Leases (excluding residual value)*** captures exposures risk-weighted in accordance with paragraph 39 of Attachment B to APS 112. Use *Market-related exposure* to report RWA for market-related off-balance sheet exposures.

			• ***Residual value for leases (> 10% Common Equity Tier 1 capital)*** • ***Exposures through a third party*** • ***Cash owned and held at the ADI or in transit*** • ***Cash items in the process of collection*** • ***Gold bullion*** • ***Investments in premises, plant and equipment, and all other fixed assets*** • ***Unsettled DvP transactions 5 to 15 business days after settlement date*** • ***Unsettled DvP transactions 16 to 30 business days after settlement date*** • ***Unsettled DvP transactions 31 to 45 business days after settlement date*** • ***Unsettled DvP transactions 46 business days or more after settlement date*** • ***Unsettled non-DvP transactions < 5 business days*** • ***Unsettled non-DvP transactions >= 5 business days*** • Market-related exposure • All other exposures not specified elsewhere	Specifically, where *Market-related exposure* is selected: a) populate columns 2 to 10 with *Not Applicable* or 0 as appropriate; b) for a ***Standardised ADI***, report in column 11 total RWA for market-related off-balance sheet credit exposures (including default risk RWE, trade exposure RWE and default fund RWE) plus 12.5 times the sum of CVA capital charge and default fund capital charge, determined in accordance with APS 180; and c) for an ***IRB ADI***, report in column 11 the total RWA for market-related off-balance sheet non-IRB credit exposures (including non-IRB default risk RWE, trade exposure RWE and default fund RWE) plus 12.5 times the sum of CVA capital charge and default fund capital charge, determined in accordance with APS 180.
2	Exposure subclass	Y	• ***Sovereign*** • ***Domestic PSE*** • ***Bank - long-term exposure*** • ***Bank - short-term exposure*** • ***Bank - short-term issue-specific credit rating*** • ***General corporate – short-term issue-specific credit rating***	This column is applicable to ***Commercial property - not dependent on cashflows - standard***, ***Commercial property - not dependent on cashflows - non-standard, Lease (excluding residual value)*** and ***Unsettled non-DvP transactions < 5 business days,*** and certain exposures with currency mismatch.

			• ***General corporate - other*** • ***General corporate - SME corporate*** • ***General corporate - SME retail*** • ***Retail - other*** • Exposure with currency mismatch • Immaterial non-DvP transaction • Not Applicable	For ***Commercial property - not dependent on cashflows - standard***, ***Commercial property - not dependent on cashflows - non-standard, Lease (excluding residual value)*** and ***Unsettled non-DvP transactions < 5 business days***, select the relevant counterparty in this column. The counterparty selected should be consistent with the risk weight applied to the exposure. For non-DvP transactions risk-weighted in accordance with paragraph 5(b) of Attachment D to APS 112, select *Immaterial non-DvP transaction* in this column. For exposures with currency mismatch and are subject to a 1.5 times multiplier as per paragraph 43 of Attachment B to APS 112, select *Exposure with currency mismatch* in this column. For all other exposures report *Not Applicable*.
3	***On/off balance sheet***	Y	• ***On-balance sheet*** • ***Off-balance sheet*** • Not Applicable	Off-balance sheet exposures should only include non-market-related exposures as market-related off-balance sheet exposures are captured separately in column 1. Report *Not Applicable* for market-related exposures.
4	Nature of transaction	Y	• ***Direct credit substitutes*** • ***Sale and repurchase agreements and asset sales with recourse*** • ***Lending of securities or posting of securities as collateral***	This column is applicable only to off-balance sheet exposures.

			• ***Forward asset purchases, forward deposits and partly paid shares and securities*** • ***Other off-balance sheet items that are credit substitutes*** • ***Unsettled securities, commodities and foreign exchange transactions accounted for at settlement date*** • ***Other commitments with certain drawdown*** • ***Note issuance and revolving underwriting facilities*** • ***Performance-related contingencies*** • ***Other commitments*** • ***Short-term self-liquidating trade letters of credit arising from the movement of goods*** • ***Intraday limits*** • ***Irrevocable standby commitments under industry support arrangements*** • Not Applicable	Refer to Attachment C of APS 112 and APG 112 for further details of the definitions of the non-market-related transactions. For all other exposures report *Not Applicable*.
5	***Loan-to-valuation-ratio (LVR)***	Y	• 0 to <= 5% • 5.01% to <=10% • 10.01% to <=15% • 15.01% to <=20% • 20.01% to <=25% • 25.01% to <=30% • 30.01% to <=35% • 35.01% to <=40% • 40.01% to <=45% • 45.01% to <=50%	This column is applicable to on- and off-balance sheet ***Residential property*** and ***Commercial property*** (including all sub-categories) exposures in column 1. Allocate exposures to the appropriate band based on the calculated LVR. LVR of exposures should be calculated in accordance with Attachment A of APS 112.

			• 50.01% to <=55% • 55.01% to <=60% • 60.01% to <=65% • 65.01% to <=70% • 70.01% to <=75% • 75.01% to <=80% • 80.01% to <=85% • 85.01% to <=90% • 90.01% to <=95% • 95.01% to <=100% • >100% • Not Applicable	For all other exposures report *Not Applicable*.
6	***Lenders Mortgage Insurance (LMI)***	Y	• Yes • No • Not Applicable	For ***Residential property - owner occupied and principal and interest - standard*** and ***Residential property - other - standard***, report *Yes* for exposures with eligible ***LMI*** and *No* for exposures without eligible ***LMI***. For all other exposures report *Not Applicable*.
7	***Defaulted***	Y	• Defaulted residential property exposure • Other defaulted exposure - provisions >= 20% of outstanding amount • Other defaulted exposure - provisions < 20% of outstanding amount • Non-defaulted • Not Applicable	Use *Defaulted residential property exposure* to report residential property exposures in default, as defined in APS 112. For other exposures, use either: a) Other defaulted exposure - provisions greater than or equal to 20% of outstanding amount

				b) Other defaulted exposure - or provisions less than 20% of outstanding amount. Use *Non-defaulted* to group exposures not in default. Report *Not Applicable* for market-related exposures and all unsettled DvP or unsettled non-DVP transactions.
8	***Government guarantee***	Y	• Yes • No • Not Applicable	For ***Residential property - owner occupied and principal and interest - standard*** **and** ***Residential property - other - standard***, report *Yes* if the residential property exposure has a ***Government guarantee***, as defined in paragraph 17 of Attachment A to APS 112, or *No* if it doesn't. Report *Not Applicable* for all other exposures, including market-related exposures.
9	***Credit rating grade***	Y	• ***Credit rating grade 1*** • ***Credit rating grade 2*** • ***Credit rating grade 3*** • ***Credit rating grade 4*** • ***Credit rating grade 5*** • ***Credit rating grade 6*** • Unrated exposure subject to a 20% risk weight • Unrated exposure subject to a 50% risk weight • Unrated exposure subject to a 60% risk weight • Unrated exposure subject to a 75% risk weight • Unrated exposure subject to an 85% risk weight • Unrated exposure subject to a 100% risk weight	For non-defaulted exposures in the following exposure classes: • ***Commercial property - not dependent on cashflows*** (standard and non-standard) except where the exposure subclass (column 2) is ***Retail – other*** • ***Sovereign*** • ***Domestic PSE*** • ***Bank*** (including all sub-categories) • ***Covered bond*** • ***General corporate*** (including all sub-categories) • ***Specialised lending*** (including all sub-categories)

			• Unrated exposure subject to a 110% risk weight • Unrated exposure subject to a 150% risk weight • Not Applicable	• ***Leases (excluding residual value)*** • ***Unsettled non-DvP transactions < 5 business days*** report credit rating grade 1 to 6, as defined in Attachment F of APS 112, where the exposure is rated. Where the exposure is unrated (including unrated bank exposures subject to a sovereign risk-weight floor and unrated bank or general corporate exposures with a prescribed risk weight), select *Unrated exposure subject to an X% risk weight*, where *X* is the risk weight applied to the exposure. For sovereign exposures eligible for a zero per cent risk weight (e.g. certain MDB), select *Credit rating grade 1*. For all other exposures report *Not Applicable*.
10	Exposure before ***CRM*** and ***CCF***		Whole dollars	For each row other than *Market-related exposure* in column 1, report exposure before ***credit risk mitigation (CRM)*** as defined in APS 112 and before ***CCF***. For *Market-related exposure* in column 1, report 0.
11	Exposure after ***CRM*** and ***CCF***		Whole dollars	For each row other than *Market-related exposure* in column 1, report exposure after ***credit risk mitigation (CRM)*** and after ***CCF***.

				For *Market-related exposure* in column 1, report ***RWA*** calculated in accordance with APS 112 and APS 180.
12	***Risk weight (RW)***		• 0 • 0.1 • 0.2 • 0.25 • 0.3 • 0.35 • 0.375 • 0.4 • 0.45 • 0.5 • 0.525 • 0.55 • 0.6 • 0.65 • 0.675 • 0.7 • 0.75 • 0.8 • 0.825 • 0.85 • 0.9 • 0.95 • 0.975 • 1 • 1.05 • 1.1	Report relevant RW for the exposure as a decimal by selecting the relevant valid decimal value. For *Market-related exposure* in column 1, report 1. For *Exposure with currency mismatch* in column 2, report the risk weight after the application of the 1.5 times multiplier required by paragraph 43 of Attachment B to APS 112.

			• 1.125 • 1.2 • 1.275 • 1.5 • 1.575 • 2.5 • 4 • 6.25 • 9.375 • 12.5	
13	***Risk-weighted assets (RWA)***		Whole dollars	This is a derived field on this table and ***RWA*** will be automatically calculated in accordance with APS 112.