

ASX announcement

Update on financial reporting changes impacting comparative financial information

Friday, 30 July 2021 SYDNEY: Commonwealth Bank of Australia (CBA) today provides an update on the impact on financial reporting from the sale of Commlnsure General Insurance to Hollard Group, and changes to financial reporting impacting 30 June 2021 financial comparatives (refer to Attachment A for detailed comparatives tables).

1. Sale of Commlnsure General Insurance to Hollard Group

On 21 June 2021, the Group announced it has entered into an agreement to sell its Australian general insurance business (Commlnsure General Insurance) to Hollard Group (Hollard). As part of the sale, the Group established an exclusive 15-year strategic alliance with Hollard for the distribution of home and motor vehicle insurance products. On completion, the Group is expected to receive proceeds of approximately \$625 million, subject to completion adjustments, together with deferred business milestone payments and additional investment from Hollard throughout the 15-year strategic alliance.

The sale is subject to Australian regulatory approvals, and is expected to be completed in mid-calendar year 2022. As Commlnsure General Insurance does not constitute a major line of the Group's business, the financial results of Commlnsure General Insurance are treated as continuing operations and included in the account lines of the Retail Banking Services divisional performance, it also did not meet the held for sale classification criteria as at 30 June 2021 and therefore its assets and liabilities were not reclassified to held for sale assets or liabilities.

2. Financial reporting changes in the 30 June 2021 Full Year Profit Announcement

In line with changes in accounting policies and the Group's commitment to continuous improvement in financial reporting practices, a number of adjustments have been made during the current half which result in changes to comparative financial information.

Changes to financial reporting arising from revised accounting treatments of costs incurred in implementing Software-as-a-Service arrangements

During the half year ended 30 June 2021, the Group revised its accounting policy in relation to the treatment of the configuration and customisation costs incurred in implementing Software-as-a-Service (SaaS)

arrangements, and adopted the interpretation from the IFRS Interpretations Committee (IFRIC) on how current accounting standards apply to these types of arrangements.

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

The change has been applied retrospectively and impacted prior period financial statements of the Group.

Other key restatements impacting prior period financial statements

During the half year ended 30 June 2021, the Group reviewed the historic accounting treatment of a transaction product arrangement comprised of both lending and deposit balances. The Group concluded that, under AASB 132 *Financial Instruments: Presentation*, the credit balances cannot be netted against the debit balances drawn under the arrangement. The revised accounting treatment was applied retrospectively and impacted the prior financial statements of the Group.

During the half year ended 30 June 2021, the Group revised its recognition and allocation approach to certain centrally incurred costs, impacting the financial classification and comparatives for the Group's continuing operations and discontinued operations. These changes have been applied retrospectively and had an immaterial impact on the Group's Cash net profit after tax (Cash NPAT) including discontinued operations.

During the half year ended 30 June 2021, the Group has also reviewed and revised the classification of investment spend in order to better reflect the nature of the investments. These changes have been applied retrospectively and had no impact on the Group's Cash net profit after tax (Cash NPAT), other than the impact from the revised accounting treatments of costs incurred in implementing SaaS arrangement mentioned above.

3. Previously reported changes in the half year ended 31 December 2020

As previously reported¹, in order to reflect the impact from continued simplification made to CBA's operating model during the half year ended 31 December 2020, changes were made to financial reporting in the half year ended 31 December 2020 which impacted the divisional Cash NPAT for the full year ended 30 June 2020. These changes were applied retrospectively and did not have an impact on the Group's Cash NPAT. Below is a summary of the changes previously disclosed:

- The Business and Private Banking division was renamed to Business Banking, and Commonwealth Private was transferred from Business Banking to Retail Banking Services to bring together the management of all high net worth customer segments into the same business unit.

1. ASX Announcement, *Update on the impact of divestments and financial reporting changes*, 2 February 2021 (<https://www.asx.com.au/asxpdf/20210202/pdf/44s811bj53xf7r.pdf>)



- We enhanced our classification of retail and business banking portfolios resulting in some customers being transferred between Retail Banking Services, Business Banking, and Institutional Banking and Markets.
- As part of the Group's strategy to be number one in business banking, we have established the Major Client Group (MCG) within the Business Banking division. MCG provides specialised, dedicated support and service to the largest clients within Business Banking.

A summary of the impacts of financial reporting changes on financial comparatives, and restated financial comparatives is included in Attachment A.

4. Full year results announcement

Commonwealth Bank of Australia (CBA) is scheduled to announce its full year results on 11 August 2021. A virtual results briefing will be webcast with Chief Executive Officer, Matt Comyn, and Chief Financial Officer, Alan Docherty, at 11:00am (Australian Eastern Time) on 11 August 2021. This briefing will be available via webcast on the Commonwealth Bank Investor Centre (www.commbank.com.au/about-us/investors/results).

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The release of this announcement was authorised by the Continuous Disclosure Committee.

Attachment A

Impact of previously reported changes¹ on the prior full year period (FY20)

The impact of the following changes is presented below:

- Commonwealth Private portfolio transfers
- Other re-segmentation and allocations

Divisional Cash NPAT from continuing operations

	Full Year Ended 30 June 2020					Group \$M
	Retail Banking Services \$M	Business Banking \$M	Institutional Banking and Markets \$M	New Zealand \$M	Corporate Centre & Other \$M	
Cash NPAT (continuing operations) - as published	3,997	2,654	655	811	(821)	7,296
Restatements in the prior half:						
Commonwealth Private portfolio transfer	168	(158)	(10)	-	-	-
Other re-segmentations and allocations	(23)	(22)	(12)	6	51	-
Total restatements	145	(180)	(22)	6	51	-
Cash NPAT (continuing operations) - as restated	4,142	2,474	633	817	(770)	7,296

Divisional Cash NPAT from continuing operations by Income Statement line items

	Full Year Ended 30 June 2020					Group \$M
	Retail Banking Services \$M	Business Banking \$M	Institutional Banking and Markets \$M	New Zealand \$M	Corporate Centre & Other \$M	
Cash NPAT (continuing operations) - as published	3,997	2,654	655	811	(821)	7,296
Restatements:						
Increase/(decrease) in Income	376	(439)	(24)	7	80	-
(Increase)/decrease in Operating expenses	(144)	148	1	-	(5)	-
(Increase)/decrease in Loan impairment expense	(24)	30	(6)	-	-	-
(Increase)/decrease in Corporate tax expense	(63)	81	7	(1)	(24)	-
Total restatements	145	(180)	(22)	6	51	-
Cash NPAT (continuing operations) - as restated	4,142	2,474	633	817	(770)	7,296

Divisional Cost to Income Ratios from continuing operations

	Full Year Ended 30 June 2020				Group \$M
	Retail Banking Services ¹ \$M	Business Banking \$M	Institutional Banking and Markets \$M	New Zealand ² \$M	
Operating expenses to total operating income (continuing operations) (%) - as published	38.7	36.1	44.4	40.8	45.9
Operating expenses to total operating income (continuing operations) (%) - as restated	38.7	36.3	44.9	40.7	45.9

1 Excludes Mortgage Broking and General Insurance.

2 Calculated in New Zealand dollar terms.

1. ASX Announcement, *Update on the impact of divestments and financial reporting changes*, 2 February 2021
(<https://www.asx.com.au/asxpdf/20210202/pdf/44s811bj53xf7r.pdf>)



Attachment A

Impact of Current Half Financial Reporting changes on the Prior Periods (FY20 and 1H21)

The impact of the following changes is presented below:

- Revised accounting treatments of costs incurred in implementing SaaS arrangements
- Other key restatements impacting prior period financial statements

Divisional and Group NPAT

	Full Year Ended 30 June 2020						
	Retail	Business	Institutional	New	Corporate	Wealth	Group
	Banking	Banking	Banking and	Zealand	Centre	Management	
Services		Markets		& Other			
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Cash NPAT (continuing operations) - as restated in the prior half	4,142	2,474	633	817	(770)	-	7,296
Restatements in the current half:							
Revised accounting treatment of SaaS arrangements	-	-	-	(8)	(29)	-	(37)
Other key restatements impacting prior periods	-	-	-	-	(34)	-	(34)
Total restatements	-	-	-	(8)	(63)	-	(71)
Cash NPAT (continuing operations) - as restated	4,142	2,474	633	809	(833)	-	7,225
Cash NPAT (discontinued operations) - as published	-	-	-	-	16	137	153
Restatements in the current half:							
Other key restatements impacting prior periods	-	-	-	-	-	29	29
Cash NPAT (discontinued operations) - as restated	-	-	-	-	16	166	182

	Half Year Ended 31 December 2020						
	Retail	Business	Institutional	New	Corporate	Wealth	Group
	Banking	Banking	Banking and	Zealand	Centre	Management	
Services		Markets		& Other			
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Cash NPAT (continuing operations) - as published	2,196	1,335	423	542	(610)	-	3,886
Restatements in the current half:							
Revised accounting treatment of SaaS arrangements	-	-	-	(6)	(1)	-	(7)
Other key restatements impacting prior periods	-	-	-	(1)	(10)	-	(11)
Total restatements	-	-	-	(7)	(11)	-	(18)
Cash NPAT (continuing operations) - as restated	2,196	1,335	423	535	(621)	-	3,868
Cash NPAT (discontinued operations) - as published	-	-	-	-	5	84	89
Restatements in the current half:							
Other key restatements impacting prior periods	-	-	-	-	1	9	10
Cash NPAT (discontinued operations) - as restated	-	-	-	-	6	93	99



Attachment A

Impact of Current Half Financial Reporting changes on the Prior Periods (FY20 and 1H21) (continued)

Divisional and Group Cash NPAT by Income Statement line items

	Full Year Ended 30 June 2020						Group \$M
	Retail Banking Services \$M	Business Banking \$M	Institutional Banking and Markets \$M	New Zealand \$M	Corporate Centre & Other \$M	Wealth Management \$M	
	Cash NPAT (continuing operations) - as restated in the prior half	4,142	2,474	633	817	(770)	
Restatements in the current half:							
Increase/(decrease) in Income	-	-	-	-	-	-	-
(Increase)/decrease in Operating expenses	-	-	-	(11)	(90)	-	(101)
(Increase)/decrease in Loan impairment expense	-	-	-	-	-	-	-
(Increase)/decrease in Corporate tax expense	-	-	-	3	27	-	30
Total restatements	-	-	-	(8)	(63)	-	(71)
Cash NPAT (continuing operations) - as restated	4,142	2,474	633	809	(833)	-	7,225
Cash NPAT (discontinued operations) - as published	-	-	-	-	16	137	153
Restatements in the current half:							
Other key restatements impacting prior periods	-	-	-	-	-	29	29
Cash NPAT (discontinued operations) - as restated	-	-	-	-	16	166	182

	Half Year Ended 31 December 2020						Group \$M
	Retail Banking Services \$M	Business Banking \$M	Institutional Banking and Markets \$M	New Zealand \$M	Corporate Centre & Other \$M	Wealth Management \$M	
	Cash NPAT (continuing operations) - as published	2,196	1,335	423	542	(610)	
Restatements in the current half:							
Increase/(decrease) in Income	-	-	-	-	-	-	-
(Increase)/decrease in Operating expenses	-	-	-	(9)	(16)	-	(25)
(Increase)/decrease in Loan impairment expense	-	-	-	-	-	-	-
(Increase)/decrease in Corporate tax expense	-	-	-	2	5	-	7
Total restatements	-	-	-	(7)	(11)	-	(18)
Cash NPAT (continuing operations) - as restated	2,196	1,335	423	535	(621)	-	3,868
Cash NPAT (discontinued operations) - as published	-	-	-	-	5	84	89
Restatements in the current half:							
Other key restatements impacting prior periods	-	-	-	-	1	9	10
Cash NPAT (discontinued operations) - as restated	-	-	-	-	6	93	99



Attachment A

Impact of Current Half Financial Reporting changes on the Prior Periods (FY20 and 1H21) (continued)

Divisional Balance Sheet

	As at 30 June 2020						
	Retail Banking Services	Business Banking	Institutional Banking and Markets	New Zealand	Corporate Centre & Other	Wealth Management	Group
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Total Assets - as published	420,430	182,647	171,568	98,539	139,203	1,673	1,014,060
Restatements in the current half:							
Revised accounting treatment of SaaS arrangements	-	-	-	(8)	(29)	-	(37)
Other key restatements impacting prior periods	716	33	1,424	1	(726)	-	1,448
Total restatements	716	33	1,424	(7)	(755)	-	1,411
Total Assets - as restated	421,146	182,680	172,992	98,532	138,448	1,673	1,015,471
Total Liabilities - as published	284,351	160,956	185,907	91,796	210,113	8,924	942,047
Restatements in the current half:							
Other key restatements impacting prior periods	17	10	1,423	-	36	-	1,486
Total restatements	17	10	1,423	-	36	-	1,486
Total Liabilities - as restated	284,368	160,966	187,330	91,796	210,149	8,924	943,533

	As at 31 December 2020						
	Retail Banking Services	Business Banking	Institutional Banking and Markets	New Zealand	Corporate Centre & Other	Wealth Management	Group
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Total Assets - as published	432,646	185,611	174,724	102,663	160,273	1,817	1,057,734
Restatements in the current half:							
Revised accounting treatment of SaaS arrangements	-	-	-	(14)	(30)	-	(44)
Other key restatements impacting prior periods	876	68	1,494	-	(908)	-	1,530
Total restatements	876	68	1,494	(14)	(938)	-	1,486
Total Assets - as restated	433,522	185,679	176,218	102,649	159,335	1,817	1,059,220
Total Liabilities - as published	299,351	183,002	181,500	95,561	214,691	8,626	982,731
Restatements in the current half:							
Other key restatements impacting prior periods	10	21	1,494	-	44	-	1,569
Total restatements	10	21	1,494	-	44	-	1,569
Total Liabilities - as restated	299,361	183,023	182,994	95,561	214,735	8,626	984,300



Attachment A

Impact of Current Half Financial Reporting changes on the Prior Periods (FY20 and 1H21) (continued)

Divisional Cost to Income Ratios from continuing operations

	Full Year Ended 30 June 2020				Group \$M
	Retail Banking Services ¹	Business Banking	Institutional Banking and Markets	New Zealand ²	
	\$M	\$M	\$M	\$M	
Operating expenses to total operating income (continuing operations) (%) - as restated in the prior half	38.7	36.3	44.9	40.7	45.9
Operating expenses to total operating income (continuing operations) (%) - as restated	38.7	36.3	44.9	41.1	46.3

	Half Year Ended 31 December 2020				Group \$M
	Retail Banking Services ¹	Business Banking	Institutional Banking and Markets	New Zealand ²	
	\$M	\$M	\$M	\$M	
Operating expenses to total operating income (continuing operations) (%) - as published	39.2	36.2	39.2	38.1	46.5
Operating expenses to total operating income (continuing operations) (%) - as restated	39.2	36.2	39.2	38.7	46.7

1 Excludes Mortgage Broking and General Insurance.

2 Calculated in New Zealand dollar terms.



Attachment A

Impact of Current Half Financial Reporting changes on the Prior Periods (FY20 and 1H21) (continued)

Impact of revised accounting treatments of costs incurred in implementing SaaS arrangements

	Full Year Ended 30 June 2020
	Group \$M
Expensed investment spend - as published	771
Restatements in the current half:	
Revised accounting treatment of SaaS arrangements	60
Expensed investment spend - as restated	831
Capitalised investment spend - as published	666
Restatements in the current half:	
Revised accounting treatment of SaaS arrangements	(60)
Capitalised investment spend - as restated	606

	Half Year Ended 31 December 2020
	Group \$M
Expensed investment spend - as published	473
Restatements in the current half:	
Revised accounting treatment of SaaS arrangements	16
Expensed investment spend - as restated	489
Capitalised investment spend - as published	383
Restatements in the current half:	
Revised accounting treatment of SaaS arrangements	(16)
Capitalised investment spend - as restated	367



Attachment A

Updated Financial Comparative Tables for the 2021 Full Year Profit Announcement Group Performance Summary

	Full Year Ended ("cash basis")		Half Year Ended ("cash basis")	
	30 Jun 21 \$M	30 Jun 20 \$M	30 Jun 21 \$M	31 Dec 20 \$M
Group Performance Summary				
Net interest income		18,610		9,371
Other banking income		4,837		2,419
Total banking income		23,447		11,790
Funds management income		173		80
Insurance income		141		91
Total operating income		23,761		11,961
Operating expenses		(10,996)		(5,591)
Loan impairment expense		(2,518)		(882)
Net profit before tax		10,247		5,488
Corporate tax expense		(3,022)		(1,620)
Non-controlling interests		–		–
Net profit after tax from continuing operations		7,225		3,868
Net profit after tax from discontinued operations ¹		182		99
Net profit after tax		7,407		3,967
Gain/(loss) on acquisition, disposal, closure and demerger of businesses		2,092		910
Hedging and IFRS volatility		93		(8)
Net profit after tax ("statutory basis")		9,592		4,869
Cash net profit after tax, by division				
Retail Banking Services (excl. Mortgage Broking and General Insurance)		4,095		2,161
Mortgage Broking and General Insurance		47		35
Retail Banking Services		4,142		2,196
Business Banking		2,474		1,335
Institutional Banking and Markets		633		423
New Zealand		809		535
Corporate Centre and Other		(833)		(621)
Net profit after tax from continuing operations ("cash basis")		7,225		3,868

¹ The financial results of discontinued operations are excluded from the individual account lines of the Bank's performance and are reported as a single cash net profit after tax line item. Discontinued operations includes Colonial First State (CFS), Commlnsure Life, BoCommLife, Colonial First State Global Asset Management (CFSGAM) and PT Commonwealth Life and non-controlling interests related to discontinued operations.



Attachment A

Key Performance Indicators

Key Performance Indicators ¹	Full Year Ended		Half Year Ended	
	30 Jun 21	30 Jun 20	30 Jun 21	31 Dec 20
Group Performance from continuing operations				
Statutory net profit after tax (\$M)		7,388		3,759
Cash net profit after tax (\$M)		7,225		3,868
Net interest margin (%)		2.07		2.01
Operating expenses to total operating income (%)		46.3		46.7
Spot number of full-time equivalent staff (FTE)		41,778		42,720
Average number of FTE		41,051		42,185
Effective corporate tax rate (%)		29.5		29.5
Profit after capital charge (PACC) (\$M) ²		3,774		1,799
Average interest earning assets (\$M) ³		897,409		922,924
Average interest bearing liabilities (\$M) ³		771,982		776,381
Funds under administration (FUA) - average (\$M) ⁴		15,332		–
Assets under management (AUM) - average (\$M)		16,941		18,179
Group Performance including discontinued operations				
Statutory net profit after tax (\$M)		9,592		4,869
Cash net profit after tax (\$M)		7,407		3,967
Net interest margin (%)		2.08		2.01
Operating expenses to total operating income (%)		47.4		47.2
Spot number of full-time equivalent staff (FTE)		43,585		44,548
Average number of FTE		43,550		44,007
Effective corporate tax rate (%)		29.5		29.5
Profit after capital charge (PACC) (\$M) ²		3,882		1,897
Average interest earning assets (\$M) ³		897,879		923,211
Funds under administration (FUA) - average (\$M) ⁵		180,389		149,491
Assets under management (AUM) - average (\$M) ⁶		235,743		18,179

1 Presented on a "cash basis" unless stated otherwise.

2 The Bank uses PACC as a key measure of risk-adjusted profitability. It takes into account the profit achieved, the risk to capital that was taken to achieve it, and other adjustments.

3 Average interest earning assets are net of average mortgage and other offsetting balances. Average interest bearing liabilities exclude average mortgage and other offsetting balances.

4 Average FUA (continuing operations) has been calculated using the average for the period the Group owned Aegis up until 2 December 2019.

5 Average FUA (including discontinued operations) has been calculated using the average for the period the Group operated CommInsure Life up until 1 November 2019 and the Group owned Aegis up until 2 December 2019.

6 Average AUM has been calculated using the average for the period the Group owned CFSGAM up until 2 August 2019.



Attachment A

Key Performance Indicators

Key Performance Indicators	Full Year Ended		Half Year Ended	
	30 Jun 21	30 Jun 20	30 Jun 21	31 Dec 20
Shareholder Returns from continuing operations				
Earnings Per Share (EPS) (cents)				
Statutory basis - basic		417.8		212.3
Cash basis - basic		408.5		218.5
Return on equity (ROE) (%)				
Statutory basis		10.4		10.2
Cash basis		10.2		10.5
Shareholder Returns including discontinued operations				
Earnings per share (EPS) (cents)				
Statutory basis - basic		542.4		275.0
Cash basis - basic		418.8		224.1
Return on equity (ROE) (%)				
Statutory basis		13.5		13.2
Cash basis		10.5		10.7
Dividends per share - fully franked (cents)		298		150
Dividend cover - "cash basis" (times)		1.4		1.5
Dividend payout ratio (%)				
Statutory basis		55		55
Cash basis		71		67
Capital including discontinued operations				
Common Equity Tier 1 (Internationally Comparable) (%) ¹		17.4		18.7
Common Equity Tier 1 (APRA) (%)		11.6		12.6
Risk weighted assets (RWA) (\$M) - Basel III		454,948		453,616
Leverage Ratio including discontinued operations				
Leverage Ratio (Internationally Comparable) (%) ¹		6.7		6.8
Leverage Ratio (APRA) (%)		5.9		6.0
Funding and Liquidity Metrics including discontinued operations				
Liquidity Coverage Ratio (%) ²		155		143
Weighted Average Maturity of Long-Term Debt (years) ³		5.3		5.2
Customer Deposit Funding Ratio (%)		74		75
Net Stable Funding Ratio (%)		120		123
Credit Quality Metrics including discontinued operations				
Loan impairment expense ("cash basis") annualised as a % of average GLAAs		0.33		0.22
Gross impaired assets as a % of GLAAs		0.45		0.39
Credit risk weighted assets (RWA) (\$M)		374,194		376,900

¹ Analysis aligns with the 13 July 2015 APRA study titled "International capital comparison study".

² Quarterly average.

³ Represents the weighted average maturity (WAM) of outstanding long-term wholesale debt with a residual maturity greater than 12 months including drawdown of the RBA Term Funding Facility (TFF). WAM excluding the TFF drawdown (31 December 2020: 5.7 years; 30 June 2020: 5.3 years)



Attachment A

Key Performance Indicators

Key Performance Indicators	Full Year Ended		Half Year Ended	
	30 Jun 21	30 Jun 20	30 Jun 21	31 Dec 20
Retail Banking Services ¹				
Cash net profit after tax (\$M)		4,095		2,161
Net interest margin (%)		2.63		2.60
Average interest earning assets (\$M) ²		368,342		375,715
Operating expenses to total operating income (%) ³		38.7		39.2
Risk weighted assets (\$M) ⁴		167,205		165,036
Business Banking				
Cash net profit after tax (\$M)		2,474		1,335
Net interest margin (%)		3.10		3.02
Average interest earning assets (\$M) ²		170,526		171,123
Operating expenses to total banking income (%) ³		36.3		36.2
Risk weighted assets (\$M)		136,288		137,962
Institutional Banking and Markets				
Cash net profit after tax (\$M)		633		423
Net interest margin (%)		0.98		0.95
Average interest earning assets (\$M)		140,547		144,716
Operating expenses to total banking income (%) ³		44.9		39.2
Risk weighted assets (\$M)		93,325		88,253
New Zealand				
Cash net profit after tax (\$M)		809		535
Risk weighted assets (A\$M) ⁵		50,812		52,020
Net interest margin (%) ⁶		2.12		2.09
Average interest earning assets ⁶		100,582		104,904
Operating expenses to total operating income (%) ^{3,6}		39.8		37.7
FUA - average ^{6,7}		16,273		–
AUM - average ⁶		17,886		19,469

1 Excludes Mortgage Broking and General Insurance.

2 Net of average mortgage offset balances.

3 Presented on a "cash basis".

4 Includes Mortgage Broking and General Insurance.

5 Risk weighted assets (A\$M) calculated in accordance with APRA requirements.

6 Key financial metrics represent ASB only and are calculated in New Zealand dollar terms.

7 Average FUA has been calculated using the average for the period the Group owned Aegis up until 2 December 2019.



Attachment A

Operating Expenses

	Full Year Ended		Half Year Ended	
	30 Jun 21	30 Jun 20	30 Jun 21	31 Dec 20
	\$M	\$M	\$M	\$M
Staff expenses		5,731		2,963
Occupancy and equipment expenses		1,087		576
Information technology services expenses		2,020		1,009
Other expenses		1,697		801
Operating expenses excluding remediation costs and other - "cash basis"		10,535		5,349
<i>Remediation costs and other</i>		461		242
Operating expenses including remediation costs and other - "cash basis"		10,996		5,591
Operating expenses to total operating income excluding remediation costs and other (%)		44.3		44.7
Operating expenses to total operating income (%)		46.3		46.7
Average number of full-time equivalent staff (FTE)		41,051		42,185
Spot number of full-time equivalent staff (FTE)		41,778		42,720

Investment Spend

	Full Year Ended		Half Year Ended	
	30 Jun 21	30 Jun 20	30 Jun 21	31 Dec 20
	\$M	\$M	\$M	\$M
Expensed investment spend		831		489
Capitalised investment spend ¹		606		367
Investment spend		1,437		856
Comprising:				
Risk and compliance		746		415
Productivity and growth		301		234
Remediation costs and other		390		207
Investment spend		1,437		856

¹ Includes software capitalised investment spend, and non-software capitalised investment spend primarily related to branch refurbishments and the development of the corporate and supporting offices.



Attachment A

Retail Banking Services

	Full Year Ended		Half Year Ended	
	Retail Banking (excl. Mortgage Broking and General Insurance)		Retail Banking (excl. Mortgage Broking and General Insurance)	
	30 Jun 21	30 Jun 20	30 Jun 21	31 Dec 20
	\$M	\$M	\$M	\$M
Net interest income		9,697		4,925
Other banking income		1,443		633
Total banking income		11,140		5,558
Funds management income		67		15
Insurance income		–		–
Total operating income		11,207		5,573
Operating expenses		(4,335)		(2,186)
Loan impairment (expense)/benefit		(1,034)		(308)
Net profit before tax		5,838		3,079
Corporate tax expense		(1,743)		(918)
Cash net profit after tax		4,095		2,161
Cash net profit after tax from Mortgage Broking and General Insurance		47		35
Total Cash net profit after tax		4,142		2,196

Income analysis	Full Year Ended		Half Year Ended	
	Retail Banking (excl. Mortgage Broking and General Insurance)		Retail Banking (excl. Mortgage Broking and General Insurance)	
	30 Jun 21	30 Jun 20	30 Jun 21	31 Dec 20
	\$M	\$M	\$M	\$M
Net interest income				
Home loans		5,639		3,179
Consumer finance & other ¹		1,586		638
Deposits		2,472		1,108
Total net interest income		9,697		4,925
Other banking income				
Home loans		275		135
Consumer finance ²		475		218
Deposits		371		158
Distribution & other ³		322		122
Total other banking income		1,443		633
Total banking income		11,140		5,558

1 Consumer finance and other includes personal loans, credit cards and business lending.

2 Consumer finance includes personal loans and credit cards.

3 Distribution includes income associated with the sale of foreign exchange and wealth products. Other includes asset finance, merchants and business lending.



Attachment A

Retail Banking Services

	As at		
	30 Jun 21	31 Dec 20	30 Jun 20
Balance Sheet (excl. Mortgage Broking and General Insurance)	\$M	\$M	\$M
Home loans ¹		413,689	400,921
Consumer finance ²		11,723	12,262
Other interest earning assets		1,789	1,739
Total interest earning assets		427,201	414,922
Other assets		4,150	4,170
Total assets		431,351	419,092
Transaction deposits ³		44,281	38,882
Savings deposits ³		139,472	128,783
Investment deposits & other		71,326	78,366
Total interest bearing deposits		255,079	246,031
Non-interest bearing transaction deposits		39,863	33,882
Other non-interest bearing liabilities		3,240	3,327
Total liabilities		298,182	283,240

Key Financial Metrics (excl. Mortgage Broking and General Insurance)	Full Year Ended		Half Year Ended	
	30 Jun 21	30 Jun 20	30 Jun 21	31 Dec 20
Performance indicators				
Net interest margin (%)		2.63		2.60
Return on assets (%)		1.0		1.0
Operating expenses to total operating income (%)		38.7		39.2
Impairment expense annualised as a % of average GLAAs (%)		0.26		0.15
Other information				
Average interest earning assets (\$M) ⁴		368,342		375,715
Risk weighted assets (\$M) ⁵		167,205		165,036
90+ days home loan arrears (%)		0.63		0.59
90+ days consumer finance arrears (%)		1.34		0.96
Number of full-time equivalent staff (FTE)		14,184		13,918

1 Home loans are presented gross of mortgage offset balances (31 December 2020: \$46,223 million; 30 June 2020: \$41,337 million). These balances are required to be grossed up under accounting standards but are netted down for the calculation of customer interest payments.

2 Consumer finance includes personal loans and credit cards.

3 Transaction and Savings deposits include mortgage offset balances (31 December 2020: \$46,223 million; 30 June 2020: \$41,337 million).

4 Average interest earning assets are presented net of mortgage offset balances, which reduce customer interest payments. Average interest earning assets are also used in the calculation of divisional net interest margin.

5 Includes Mortgage Broking and General Insurance.



Attachment A

Business Banking

	Full Year Ended		Half Year Ended	
	30 Jun 21	30 Jun 20	30 Jun 21	31 Dec 20
	\$M	\$M	\$M	\$M
Net interest income		5,291		2,603
Other banking income		1,489		831
Total banking income		6,780		3,434
Operating expenses		(2,458)		(1,242)
Loan impairment expense		(784)		(286)
Net profit before tax		3,538		1,906
Corporate tax expense		(1,064)		(571)
Cash net profit after tax		2,474		1,335
Income analysis				
Net interest income				
Small Business Banking		2,515		1,220
Commercial Banking		1,441		707
Regional and Agribusiness		746		371
Major Client Group ¹		387		208
CommSec		202		97
Total net interest income		5,291		2,603
Other banking income				
Small Business Banking		440		228
Commercial Banking		319		154
Regional and Agribusiness		126		66
Major Client Group ¹		237		126
CommSec		367		257
Total other banking income		1,489		831
Total banking income		6,780		3,434
Income by product				
Business products		4,050		2,007
Retail products		2,276		1,128
Equities and margin lending		454		299
Total banking income		6,780		3,434

¹ From July 2020, Business Banking re-segmented the business resulting in a new standalone segment Major Client Group, which provides specialised, dedicated support and service to the largest customers within Business Banking.



Attachment A

Business Banking

	As at		
	30 Jun 21	31 Dec 20	30 Jun 20
	\$M	\$M	\$M
Balance Sheet			
Home loans ¹		84,592	84,752
Business loans ²		96,130	92,259
Margin loans		2,252	2,322
Consumer finance		1,763	1,916
Total interest earning assets		184,737	181,249
Non-lending interest earning assets		141	133
Other assets		801	1,298
Total assets		185,679	182,680
Transaction deposits ^{2,3}		38,620	34,449
Savings deposits ³		67,635	60,554
Investment deposits and other		32,895	30,987
Total interest bearing deposits		139,150	125,990
Debt Issues and other interest bearing liabilities		3	25
Non-interest bearing transaction deposits		42,492	33,198
Other non-interest bearing liabilities		1,378	1,753
Total liabilities		183,023	160,966

	Full Year Ended		Half Year Ended	
	30 Jun 21	30 Jun 20	30 Jun 21	31 Dec 20
Key Financial Metrics				
Performance indicators				
Net interest margin (%)		3. 10		3. 02
Return on assets (%)		1. 4		1. 4
Operating expenses to total banking income (%)		36. 3		36. 2
Impairment expense annualised as a % of average GLAAs (%)		0. 44		0. 31
Other information				
Average interest earning assets (\$M) ⁴		170,526		171,123
Risk weighted assets (\$M)		136,288		137,962
Troublesome and impaired assets (\$M) ⁵		4,677		4,640
Troublesome and impaired assets as a % of TCE (%) ⁵		3. 89		3. 63
Number of full-time equivalent staff (FTE)		4,410		4,640

- Home loans are presented gross of mortgage offset balances (31 December 2020: \$11,257 million; 30 June 2020: \$9,260 million). These balances are required to be grossed up under accounting standards, but are netted down for the calculation of customer interest payments.
- Business loans include Cash Management Pooling Facilities (CMPF) (31 December 2020: \$244 million; 30 June 2020: \$243 million). Transaction Deposits include CMPF liabilities (31 December 2020: \$1,258 million; 30 June 2020: \$1,220 million). These balances are required to be grossed up under accounting standards, but are netted down for the calculation of customer interest payments and risk weighted assets.
- Transaction and Savings deposits include mortgage offset balances (31 December 2020: \$11,257 million; 30 June 2020: \$9,260 million).
- Average interest earning assets are presented net of mortgage offset balances, which reduce customer interest payments. Net Average interest earning assets are also used in the calculation of divisional net interest margin.
- Commercial troublesome and impaired assets only.



Attachment A

Institutional Banking and Markets

	Full Year Ended		Half Year Ended	
	30 Jun 21	30 Jun 20	30 Jun 21	31 Dec 20
	\$M	\$M	\$M	\$M
Net interest income		1,383		691
Other banking income		893		546
Total banking income		2,276		1,237
Operating expenses		(1,021)		(485)
Loan impairment (expense)/benefit		(353)		(177)
Net profit before tax		902		575
Corporate tax expense		(269)		(152)
Cash net profit after tax		633		423
Income analysis				
Net interest income				
Institutional Banking		1,135		512
Markets		248		179
Total net interest income		1,383		691
Other banking income				
Institutional Banking		361		188
Markets		532		358
Total other banking income		893		546
Total banking income		2,276		1,237
Income by product				
Institutional products		1,431		683
Asset leasing		65		17
Markets (excluding derivative valuation adjustments)		837		540
Total banking income excluding derivative valuation adjustments		2,333		1,240
Derivative valuation adjustments ¹		(57)		(3)
Total banking income		2,276		1,237

¹ Derivative valuation adjustments include both net interest income and other banking income adjustments.



Attachment A

Institutional Banking and Markets

	As at		
	30 Jun 21	31 Dec 20	30 Jun 20
Balance Sheet	\$M	\$M	\$M
Interest earning lending assets ¹		89,569	96,163
Non-lending interest earning assets		52,638	48,014
Other assets ²		34,011	28,815
Total assets		176,218	172,992
Transaction deposits ¹		77,455	64,943
Savings deposits		13,328	21,741
Investment deposits		34,524	38,724
Certificates of deposit and other		22,250	23,227
Total interest bearing deposits		147,557	148,635
Due to other financial institutions		6,774	9,618
Debt issues and other ³		3,043	3,868
Non-interest bearing liabilities ²		25,620	25,209
Total liabilities		182,994	187,330

Key Financial Metrics	Full Year Ended		Half Year Ended	
	30 Jun 21	30 Jun 20	30 Jun 21	31 Dec 20
Performance indicators				
Net interest margin (%)		0. 98		0. 95
Return on assets (%)		0. 4		0. 5
Operating expenses to total banking income (%)		44. 9		39. 2
Impairment expense annualised as a % of average GLAAs (%)		0. 36		0. 38
Other information				
Average interest earning assets (\$M)		140,547		144,716
Risk weighted assets (\$M)		93,325		88,253
Troublesome and impaired assets (\$M)		1,346		1,175
Total committed exposures rated investment grade (%)		86. 5		86. 7
Number of full-time equivalent staff (FTE)		1,169		1,174

1 Interest earning lending assets include Cash Management Pooling Facilities (CMPF) and other offsetting balances (31 December 2020: \$24,380 million; 30 June 2020: \$26,292 million). Transaction deposits include CMPF liabilities and other offsetting balances (31 December 2020: \$42,592 million; 30 June 2020: \$35,710 million). These balances are required to be grossed up under accounting standards, but are netted down for the calculation of customer interest payments and risk weighted assets.

2 Other assets include intangible assets and derivative assets. Non-interest bearing liabilities include derivative liabilities.

3 Debt issues and other includes bank acceptances and liabilities at fair value.



Attachment A

New Zealand

	Full Year Ended		Half Year Ended	
	30 Jun 21	30 Jun 20	30 Jun 21	31 Dec 20
New Zealand (A\$M)	A\$M	A\$M	A\$M	A\$M
Net interest income		1,934		999
Other banking income ¹		375		200
Total banking income		2,309		1,199
Funds management income		136		68
Total operating income		2,445		1,267
Operating expenses		(1,032)		(495)
Loan impairment (expense)/benefit		(292)		(27)
Net profit before tax		1,121		745
Corporate tax expense		(312)		(210)
Cash net profit after tax		809		535

	Full Year Ended		Half Year Ended	
	30 Jun 21	30 Jun 20	30 Jun 21	31 Dec 20
New Zealand (NZ\$M)	NZ\$M	NZ\$M	NZ\$M	NZ\$M
Net interest income		2,046		1,071
Other banking income		460		224
Total banking income		2,506		1,295
Funds management income		143		73
Total operating income		2,649		1,368
Operating expenses		(1,089)		(530)
Loan impairment (expense)/benefit		(306)		(30)
Net profit before tax		1,254		808
Corporate tax expense		(352)		(228)
Cash net profit after tax		902		580
Represented by:				
ASB		965		607
Other ²		(63)		(27)
Cash net profit after tax		902		580

	Full Year Ended		Half Year Ended	
	30 Jun 21	30 Jun 20	30 Jun 21	31 Dec 20
Key Financial Metrics ³				
Performance indicator				
Operating expenses to total operating income (%)		41.1		38.7

1 Other banking income disclosed in AUD includes realised gains or losses associated with the hedging of New Zealand operations earnings.

2 Other includes ASB funding entities and elimination entries between New Zealand segment entities.

3 Calculated in New Zealand dollar terms unless otherwise stated.



Attachment A

ASB

	Full Year Ended		Half Year Ended	
	30 Jun 21	30 Jun 20	30 Jun 21	31 Dec 20
ASB (NZ\$M)	NZ\$M	NZ\$M	NZ\$M	NZ\$M
Net interest income		2,130		1,107
Other banking income		460		224
Total banking income		2,590		1,331
Funds management income		143		73
Total operating income		2,733		1,404
Operating expenses		(1,089)		(530)
Loan impairment (expense)/benefit		(306)		(30)
Net profit before tax		1,338		844
Corporate tax expense		(373)		(237)
Cash net profit after tax		965		607

	As at		
	30 Jun 21	31 Dec 20	30 Jun 20
Balance Sheet (NZ\$M)	NZ\$M	NZ\$M	NZ\$M
Home loans		64,453	60,336
Business lending		18,132	17,680
Rural lending		11,013	10,900
Other interest earning assets		1,875	1,895
Total lending interest earning assets		95,473	90,811
Non-lending interest earning assets		12,174	12,029
Other assets		1,569	2,362
Total assets		109,216	105,202
Interest bearing deposits		63,640	63,874
Debt issues		21,651	19,408
Other interest bearing liabilities		1,367	2,251
Total interest bearing liabilities		86,658	85,533
Non-interest bearing deposits		10,470	8,123
Other non-interest bearing liabilities		1,336	1,183
Total liabilities		98,464	94,839



Attachment A

ASB (continued)

ASB Key Financial Metrics ¹	Full Year Ended		Half Year Ended	
	30 Jun 21	30 Jun 20	30 Jun 21	31 Dec 20
Performance indicators				
Net interest margin (%)		2.12		2.09
Return on assets (%)		0.9		1.1
Operating expenses to total operating income (%)		39.8		37.7
Impairment expense annualised as a % of average GLAAs (%)		0.34		0.06
Other information				
Average interest earning assets		100,582		104,904
Risk weighted assets ²		59,550		61,354
Risk weighted assets (A\$M) ³		50,812		52,020
FUA - average ⁴		16,273		–
FUA - spot ⁵		–		–
AUM - average		17,886		19,469
AUM - spot		18,500		20,616
90+ days home loan arrears (%)		0.23		0.18
90+ days consumer finance arrears (%)		1.10		0.74
Number of full-time equivalent staff (FTE)		5,122		5,381

- 1 Key financial metrics are calculated in New Zealand dollar terms unless otherwise stated.
- 2 Risk weighted assets calculated in accordance with RBNZ requirements.
- 3 Risk weighted assets (A\$M) calculated in accordance with APRA requirements.
- 4 Average balances calculated on the period the Group owned Aegis up until 2 December 2019.
- 5 Spot balances nil as at 31 December 2020 and 30 June 2020 due to the completion of the sale of Aegis on 2 December 2019.



Attachment A

Corporate Centre & Other

Corporate Centre and Other (including eliminations)	Full Year Ended		Half Year Ended	
	30 Jun 21	30 Jun 20	30 Jun 21	31 Dec 20
	\$M	\$M	\$M	\$M
Net interest income		306		155
Other banking income		375		79
Total banking income		681		234
Funds management income		(30)		(3)
Insurance income		(3)		(1)
Total operating income		648		230
Operating expenses		(1,812)		(1,012)
Loan impairment expense		(55)		(84)
Net loss before tax		(1,219)		(866)
Corporate tax benefit		386		245
Cash net loss after tax from continuing operations		(833)		(621)
Cash net profit after tax from discontinued operations ¹		16		6
Cash net loss after tax		(817)		(615)

¹ Discontinued operations includes BoCommLife, PT Commonwealth Life, and unallocated revenue and expenses from the transaction services agreements, and eliminations associated with our discontinued businesses.



Attachment A

Wealth Management (Discontinued Operations)

	Full Year Ended		Half Year Ended	
	30 Jun 21	30 Jun 20	30 Jun 21	31 Dec 20
	\$M	\$M	\$M	\$M
Funds management income		884		344
Insurance income		30		–
Total operating income		914		344
Operating expenses		(674)		(211)
Net profit before tax		240		133
Corporate tax expense		(74)		(40)
Cash net profit after tax from discontinued operations		166		93
Colonial First State and other		160		93
CFS Global Asset Management		24		–
Life Insurance Business ¹		(18)		–
Cash net profit/(loss) after tax from discontinued operations		166		93

Key Financial Metrics	Full Year Ended		Half Year Ended	
	30 Jun 21	30 Jun 20	30 Jun 21	31 Dec 20
Performance Indicators				
Operating expenses to total operating income (%)		73.7		61.3
FUA - average (\$M) ²		154,997		149,491
FUA - spot (\$M) ²		147,621		155,248
Number of full-time equivalent staff (FTE) ³		1,375		1,330

1 CommInsure's life business (the "Life Business") includes life insurance and a life related investments business.

2 Average and spot FUA includes Colonial First State (including Commonwealth Bank Group Super) and excludes CommInsure Life Investments.

3 FTE represents Colonial First State FTE and does not include any support unit FTE.

	Full Year Ended					
	Colonial First State and other		CFS Global Asset Management ¹		Life Insurance Business ²	
	30 Jun 21	30 Jun 20	30 Jun 21	30 Jun 20	30 Jun 21	30 Jun 20
	\$M	\$M	\$M	\$M	\$M	\$M
Funds management income		773		83		28
Insurance income		–		–		30
Total operating income		773		83		58
Operating expenses		(538)		(52)		(84)
Net profit before tax		235		31		(26)
Corporate tax expense		(75)		(7)		8
Cash net profit/(loss) after tax		160		24		(18)

1 CFS Global Asset Management results are for the period up until 2 August 2019.

2 Life Insurance Business results are for the period up until 1 November 2019.

