

# Profit Announcement

For the full year ended  
30 June 2023

**ASX Appendix 4E****Results for announcement to the market <sup>1</sup>****Report for the year ended 30 June 2023**

	\$M	
Revenue from ordinary activities <sup>2,3</sup>	<b>27,530</b>	<b>up 10%</b>
Profit/(loss) from ordinary activities after tax attributable to Equity holders	<b>10,090</b>	<b>down 6%</b>
Net profit/(loss) for the year attributable to Equity holders	<b>10,090</b>	<b>down 6%</b>
Dividends (distributions)		
Final dividend - fully franked (cents per share)		<b>240</b>
Interim dividend - fully franked (cents per share)		<b>210</b>
Record date for determining entitlements to the dividend		<b>17 August 2023</b>

1 Australian Securities Exchange (ASX) Listing Rule 4.3A.

2 Information has been presented on a continuing operations basis.

3 Represents total net operating income before operating expenses and impairment.

The release of this announcement was authorised by the Board.

Commonwealth Bank of Australia | Media Release 108/2023 | ACN 123 123 124 | Commonwealth Bank Place South, Level 1, 11 Harbour Street, Sydney NSW 2000 | 9 August 2023.

This preliminary final report is provided to the ASX under Rule 4.3A. Refer to Appendix 6.2 ASX Appendix 4E on page 110 for disclosures under ASX Listing Rules.

This report should be read in conjunction with the 30 June 2023 Annual Financial Report of the Commonwealth Bank of Australia and any public announcements made in the period by the Group in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules.

Except where otherwise stated, all figures relate to the full year ended 30 June 2023. The term “prior year” refers to the full year ended 30 June 2022, while the term “prior half” refers to the half year ended 31 December 2022.

## Important dates for shareholders

Full year results announcement	9 August 2023
Ex-dividend date	16 August 2023
Record date	17 August 2023
Last date to change participation in DRP	18 August 2023
Final dividend payment date	28 September 2023 <sup>1</sup>
2023 Annual General Meeting	11 October 2023
Half Year Results Announcement	14 February 2024

## For further information contact

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<sup>1</sup>. On or around.

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# Contents

<b>1.</b>	<b>ASX Announcement</b>	<b>i</b>
<b>2.</b>	<b>Highlights</b>	<b>1</b>
<b>3.</b>	<b>Group Performance Analysis</b>	<b>9</b>
	Financial Performance and Business Review	10
	Net Interest Income	12
	Other Operating Income	14
	Operating Expenses	15
	Investment Spend	17
	Capitalised Software	18
	Loan Impairment Expense	19
	Taxation Expense	20
	Group Assets and Liabilities	21
<b>4.</b>	<b>Group Operations and Business Settings</b>	<b>25</b>
	Loan Impairment Provisions and Credit Quality	26
	Capital	30
	Leverage Ratio	33
	Dividends	33
	Liquidity	34
	Funding	35
	Net Stable Funding Ratio (NSFR)	37
<b>5.</b>	<b>Divisional Performance</b>	<b>39</b>
	Divisional Summary	40
	Retail Banking Services	42
	Business Banking	47
	Institutional Banking and Markets	51
	New Zealand	56
	Corporate Centre and Other	62
<b>6.</b>	<b>Financial Statements</b>	<b>65</b>
<b>7.</b>	<b>Appendices</b>	<b>73</b>

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# **ASX Announcement**

## ASX Announcement

# FY23 Results

For the year ended 30 June 2023<sup>1</sup>

Continued focus on customers, disciplined operational and strategic execution, strengthened balance sheet and improved financial outcomes.



### Net profit after tax

**\$10,188m**

Statutory NPAT<sup>2</sup>

↑ 5% on FY22

↓ 5% on 1H23

**\$10,164m**

Cash NPAT<sup>2</sup>

↑ 6% on FY22

↓ 3% on 1H23

Net profit after tax (NPAT) increased, supported by growth in net interest income, partly offset by higher loan impairment expenses and operating costs.

### Pre-provision profit

**\$15,591m**

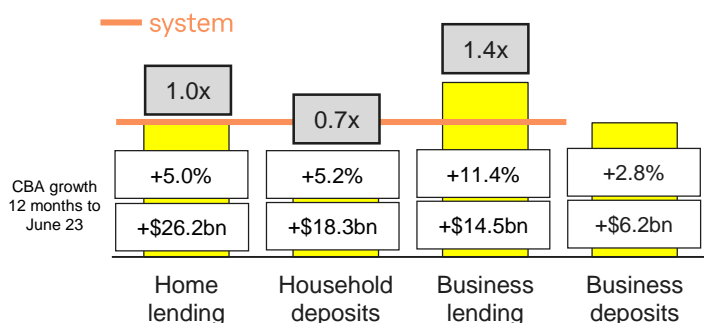
Underlying performance<sup>3</sup>

↑ 19% on FY22

↓ 1% on 1H23

Our pre-provision profit is up 19% reflecting strong operational performance across our core businesses.

### Volume growth in core businesses<sup>4</sup>



### Common Equity Tier 1 (CET1) capital ratio

**12.2%**

APRA (Level 2)<sup>5</sup>

↑ 10bpts on 1H23<sup>6</sup>

The Bank maintained a strong capital position after returning ~\$10 billion to shareholders via dividends and buy-backs. On an internationally comparable basis, CET1 capital ratio was 19.1%. With the previously announced \$3 billion on-market share buy-back completed during the year, we are announcing our intention to conduct a further \$1 billion on-market share buy-back<sup>7</sup>.

### Net interest margin (NIM)

**2.07%**

↑ 17bpts on FY22 (↑ 20bpts excl. liquids)

↓ 5bpts on 1H23 (↓ 5bpts excl. liquids)

Margins increased year-on-year due to the rising interest rate environment, partly offset by the impact of increased competition, particularly in home lending. Monthly spot margins peaked in late 2022 and we continue to manage headwinds.

### Shareholder return

**14.0%**

Return on equity (ROE)

↑ 130bpts on FY22

**\$4.50**

Dividend per share

↑ 17% on FY22

The Bank's return on equity improved by 130bpts to 14.0% largely due to the impact of higher profits and lower share count. The final dividend was \$2.40 per share, delivering a total dividend for the year of \$4.50 per share, fully franked. The impact of the Dividend Reinvestment Plan (DRP) is expected to be neutralised.

For footnotes see page viii of this ASX Announcement.

# Results overview

## Strong results through supporting our customers Chief Executive Officer, Matt Comyn

Our results demonstrate our continued focus on supporting our customers, investing in our communities, and providing strength and stability for the broader economy.

It has been an increasingly challenging period for our customers, dealing with rising cost of living pressures. Our balance sheet resilience allows us to support our customers and deliver sustainable returns for shareholders. The Bank's portfolio quality has remained sound with arrears and impairments below long-term averages, supported by a strong labour market as well as savings and repayment buffers.

Our continued focus on customer relationships has underpinned strong MFI shares with 35% of Australian

consumers and 25% of Australian businesses naming us their main financial institution.

Our operating performance reflected strong volume growth and an increase in the Group's net interest margin.

With tighter and rapidly changing financial conditions we have taken a prudent approach to managing risks including credit, interest rate, funding and liquidity risks.

Our conservative balance sheet is a highlight of our result and provides flexibility to navigate uncertainty and support our customers while delivering sustainable returns. We declared a final dividend of \$2.40 per share, fully franked, resulting in a full year dividend of \$4.50.

## Key financials

For the full year ended 30 June 2023.

- **Statutory NPAT** was \$10,188m, up 5%.
- **Cash NPAT** of \$10,164 million was 6% higher reflecting strong operational performance, partly offset by higher loan impairment expenses and operating costs.
- **Operating income** was \$27,237 million, up 13% driven by volume growth and higher net interest margin.
- **Net interest margin** was 2.07%, 17bpts higher due to the rising rate environment, partly offset by the pressure from home lending competition.
- **Operating expenses<sup>1</sup>** were \$11,646 million, 5% higher due to inflation, additional technology spend to support the delivery of our strategic priorities and volume growth, partly offset by productivity initiatives.
- **Loan impairment expense** increased by \$1,465 million reflecting ongoing cost of living pressures and rising interest rates, and the non-recurrence of COVID-19 related overlay releases in the prior year.
- **Deposit funding** increased to 75% of total funding, as the Bank continued to satisfy a significant portion of its funding requirements from retail, business and institutional customer deposits.
- **CET1** capital ratio of 12.2% (Level 2, APRA), well in excess of regulatory minimum capital requirements.
- **Final dividend** of \$2.40 per share, fully franked, taking the total dividend for the year to \$4.50 per share.

## Outlook Chief Executive Officer, Matt Comyn

The Australian economy has been resilient with the tailwinds of a recovery in population growth, relatively high commodity prices and low unemployment. However there are signs of downside risks building as rising interest rates have a lagged impact on mortgage customers and other cost of living pressures become a financial strain for more Australians.

We are seeing consumer demand moderate and economic growth slow and we are closely monitoring the impact of reduced discretionary spend, particularly on our small and medium sized business customers.

The Australian banking system remains strong and has navigated rapidly changing and uncertain global financial conditions through sound liquidity risk management and strong capital regulation.

We are well provisioned for the changing financial conditions and our strong balance sheet underpins our ability to support our customers and manage headwinds while delivering sustainable returns for shareholders.

We will continue to invest in our business and execute on our strategy to deliver our purpose of *building a brighter future for all*.



# Operating performance

Our franchise has continued to perform well, delivering growth in home lending, business lending and deposits through customer focus and disciplined execution.

## Operating income

**Operating income<sup>1</sup>**  
(Underlying)

**\$27,237m**

FY22 \$24,173m ↑ 13%

**Net interest margin**

**2.07%** FY23

FY22 1.90% ↑ 17bpts  
(excl. liquids ↑ 20bpts)

**2.05%** 2H23

1H23 2.10% ↓ 5bpts  
(excl. liquids ↓ 5bpts)

**Net interest income** increased 18%, driven by volume growth in home and business lending and an increase in net interest margin.

**Net interest margin (NIM)** was up 17bpts due to the rising interest rate environment, partly offset by the impact of home lending competition.

Monthly spot margins peaked in late 2022. Next financial year we expect competition, customer deposit switching and higher wholesale funding costs to remain margin headwinds, partly offset by the benefit of higher average cash rates.

**Other operating income** decreased 11%. The key drivers were:

- Divestments, including Commlnsure General Insurance and Bank of Hangzhou;
- Lower equity accounted profits; and
- Lower equities income due to reduced trading volumes.

These were partly offset by:

- Increased foreign exchange and deposit fee income due to higher transaction volumes;
- Improved markets trading income; and
- Higher income from the carbon and commodities portfolio.

## Operating expenses

**Operating expenses<sup>2</sup>**  
(Underlying)

**\$11,646m**

FY22 \$11,039m ↑ 5%

**Investment spend**

**\$1,998m** (total spend)

FY22 \$1,878m ↑ 6%

**Cost-to-income ratio<sup>2</sup>**  
(Underlying)

**42.8%**

FY22 45.7%

**Operating expenses** increased 5% driven by higher staff and information technology costs, partly offset by productivity benefits including lower occupancy & equipment expenses.

**Staff expenses** increased 9% mainly driven by wage inflation and increased FTE, partly offset by higher annual leave usage as COVID-19 restrictions eased, and productivity initiatives. The average FTE increased 5% primarily due to a reduced reliance on external vendors as we insource and enhance our IT and engineering capabilities.

**Occupancy and equipment expenses** decreased 3% primarily reflecting benefits from optimising our digital, branch and ATM network, and exiting commercial office space as we continue to consolidate our property footprint.

**Information technology expenses**

increased 3% primarily due to inflation, increased software licensing and infrastructure costs, including increased cloud computing volumes, partly offset by a reduction in third party service providers.

**Other expenses** decreased 2% primarily driven by productivity initiatives, partly offset by increased travel costs as COVID-19 restrictions eased, and higher marketing spend and scam costs.



# Provisions and credit quality

## Loan impairment expense

### Loan impairment

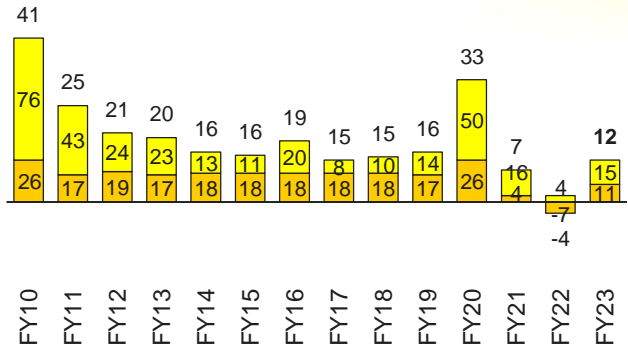
**\$1,108m**

FY22 \$357m (benefit)

Loan impairment expense increased \$1,465 million reflecting ongoing cost of living pressures and rising interest rates, and the non-recurrence of COVID-19 related overlay releases in the prior year.

### Loan Loss Rate<sup>1</sup> (bpts)

■ Consumer ■ Corporate



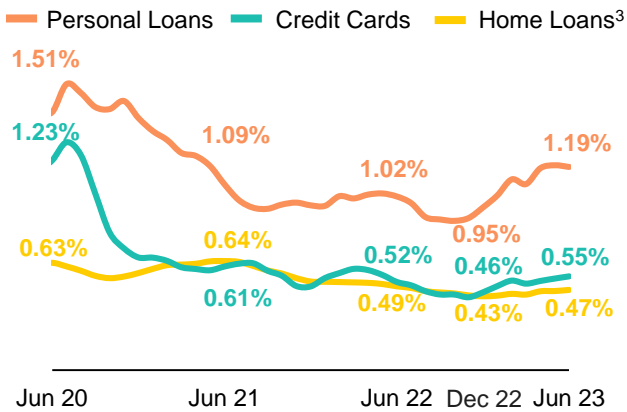
## Portfolio credit quality

**Consumer arrears** have increased in recent months but remain historically low, reflecting low levels of unemployment, and high levels of consumer savings and repayment buffers.

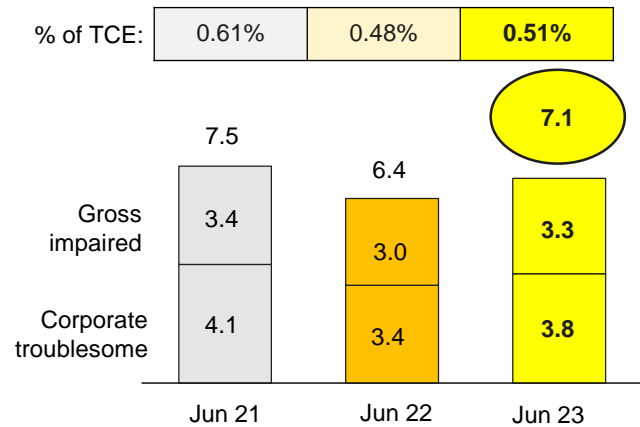
**Troublesome and impaired assets** increased to \$7.1 billion from \$6.4 billion in FY22, primarily driven by increases in the construction and commercial property sectors.

**Gross impaired assets** increased by \$0.3 billion to \$3.3 billion mainly driven by higher corporate impaired assets and increased restructures within the New Zealand home lending portfolio.

### Consumer arrears<sup>2</sup> > 90 days (%)



### Troublesome and impaired assets (\$bn)



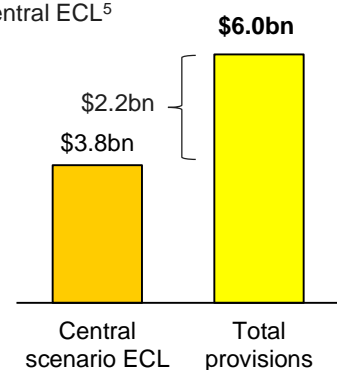
## Loan impairment provisions

Our total impairment provisions increased to \$5,950 million from \$5,347 million as at June 22 reflecting the impact from ongoing cost of living pressures and rising interest rates on both the consumer and corporate portfolios.

The Group maintains a cautious approach to managing potential risks as financial conditions continue to tighten. Provisioning coverage to credit risk weighted assets remains strong at 1.64%. We maintain a provision buffer of ~\$2 billion relative to the losses expected under our central economic scenario.

### Provisioning<sup>4</sup> (\$bn)

#### Total Provisions vs Central ECL<sup>5</sup>



# Balance sheet strength

Our liquidity, funding and capital metrics remained strong during FY23. The strength of our balance sheet means the Bank is well positioned to continue supporting our customers, and the broader Australian economy, while delivering sustainable returns to our shareholders.

## Capital

### Common Equity Tier 1 capital ratio

**12.2%**

### APRA (Level 2)

FY22 11.5%

The Bank has retained a strong capital position post the implementation of APRA's revised capital framework on 1 January 2023. The CET1 capital ratio was 12.2% as at 30 June 2023, approximately \$9 billion in excess of the regulatory minimum capital requirement of 10.25%. We expect to operate with a post-dividend CET1 capital ratio of >11%, except in circumstances of unexpected capital volatility.

The Bank's CET1 capital ratio was supported during the year by strong organic capital generation from earnings, the removal of the remaining \$500 million of APRA operational risk capital add-on and the divestment of our CommInsure General Insurance business.

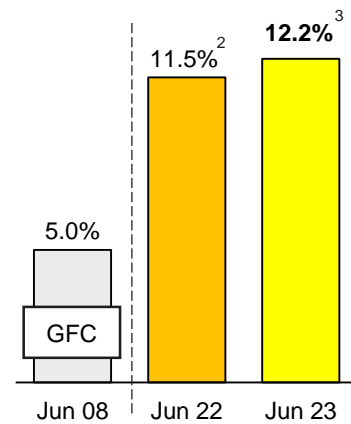
We have successfully completed the \$3 billion on-market share buy-back during FY23.

In light of our strong capital position, we intend to conduct a further \$1 billion on-market share buy-back across FY24 subject

to market conditions<sup>1</sup>. On completion, the Bank's CET1 capital ratio is expected to reduce by approximately 20 basis points.

The reduction in share count from buy-backs assists us to continue to deliver sustainable returns to shareholders.

CET1 (APRA, Level 2)



## Funding and liquidity

### Deposit funding ratio

**75%**

FY22 74%

The Bank continued to satisfy a significant portion of its funding requirements from customer deposits, accounting for 75% of total funding, with increases from retail, business and institutional customers. Customer deposits are considered the most stable source of funding.

regulatory requirement of 100%. The LCR ratio now excludes the Committed Liquidity Facility (CLF), which was fully phased out during the year.

The **net stable funding ratio (NSFR)** as at 30 June 2023 was 124%, well above the regulatory minimum of 100%.

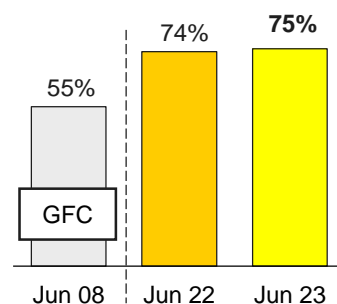
### Liquidity coverage ratio<sup>4</sup>

**131%**

FY22 130%

We have maintained a conservative funding position to provide flexibility as financial conditions tighten. Long-term wholesale funding accounted for 74% of total wholesale funding and the average tenor of the long-term wholesale funding portfolio was 5.3 years (5.5 years excluding the RBA Term Funding Facility & RBNZ term lending facilities).

Deposit Funding Ratio (%)



### Net stable funding ratio<sup>5</sup>

**124%**

FY22 130%

The **liquidity coverage ratio (LCR)** for the quarter ended 30 June 2023 was 131% which was well above the minimum





# Delivering for shareholders

## Dividend

The Bank's capital position and disciplined execution continue to support sustainable returns to shareholders.

A final dividend of \$2.40 per share, fully franked, was determined, taking the full year dividend to \$4.50. The final dividend payout ratio was 74% of the Bank's cash earnings.

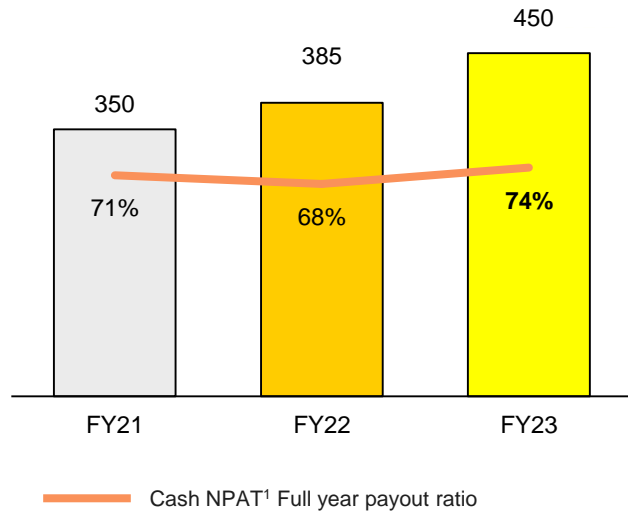
In line with our dividend policy, the Bank will continue to target a full year payout ratio of 70-80% of cash NPAT; maximise the use of our franking account by paying fully franked dividends; and pay sector leading cash dividends at sustainable levels.

The Dividend Reinvestment Plan (DRP) continues to be offered to shareholders. No discount will be applied to shares allocated under the plan for the final dividend. The DRP is anticipated to be satisfied in full by an on-market purchase of shares.

The ex-dividend date is 16 August 2023, the record date is 17 August 2023, the final DRP participation date is 18 August 2023 and the final dividend will be paid on or around 28 September 2023.

### Sustainable returns

Dividend per share (cents)



# How we contribute to Australia

Supporting our customers, the community and the economy



## Supporting customers and businesses to build a brighter future

- Supporting Australians' home ownership goals by funding \$149 billion in new lending during FY23;
- We are helping Australia's businesses by providing \$35 billion in new business lending in FY23;
- Since inception, our *Benefits finder* tool has connected customers to over \$1 billion in unclaimed benefits, rebates and concessions;
- We hold the largest share of household deposits in Australia, at over 25%; and
- Customers have access to the largest branch network in the country.



## How we contribute to our communities

- We employ over 53,000 people of which, ~90% work in either Australia or New Zealand, which equates to over \$7 billion in staff related expenses in FY23;
- We launched NameCheck and CallerCheck to help protect our customers from scams and fraud;
- We support 200 community organisations right across Australia through our CommBank Staff Foundational Community Grants program; and
- We have mobilised Emergency Assistance support during weather-related events, including disaster relief packages and one-off payments for ASB customers impacted by flooding in Auckland and Cyclone Gabrielle.



## Generating value for shareholders and contributing to Australia's economy

- The average retail shareholder received approximately \$3,532 in fully franked dividends;
- We have over 860,000 shareholders with 78% of our shares Australian owned; additionally we support over 12 million Australians indirectly through their superannuation holdings;
- We completed the previously announced \$3 billion on-market share buy-back, which assists us to continue to deliver sustainable returns to shareholders;
- We are one of Australia's largest corporate tax payers, paying over \$3 billion in Australian corporate income tax in FY23.



# Footnotes

## Page i

1. All information in this section is presented on a continuing operations basis, unless stated otherwise. Comparative information has been restated to conform to presentation in the current period.
2. For an explanation of and reconciliation between statutory and cash NPAT refer to page 3 of the Profit Announcement for the year ended 30 June 2023.
3. Excludes the following items (FY23 operating expenses: \$212 million of restructuring and one-off regulatory provisions, FY22 operating income: \$516 million gain on sale of ~10% HZB shareholding and FY22 operating expenses: \$389 million of accelerated software amortisation).
4. Home lending source: RBA Lending and Credit Aggregates. Business including select financial businesses. From April 2023 RBA Lending and credit aggregates excludes lending to warehouse trusts. Historical RBA data has been restated to reflect this change. CBA excludes Cash Management Pooling Facilities. Household deposits source: APRA Monthly Authorised Deposit-taking Institution Statistics (MADIS). CBA Business Lending multiple estimate is based on Business Banking growth rate (excluding Institutional Banking and Markets) over published APRA and RBA Total Business Lending data (excluding estimated Institutional Lending balances). Business deposits: FY23 spot balance growth of total interest bearing and non-interest bearing deposits.
5. Level 2 is the consolidated banking group including banking subsidiaries such as ASB Bank, PT Bank Commonwealth (Indonesia) and CBA Europe N.V.
6. After allowing for the 70 basis point uplift in the CET1 capital ratio from the implementation of the new capital framework on 1 January 2023.
7. The timing and actual number of shares purchased under the buy-back will depend on market conditions, available trading windows and other considerations. CBA reserves the right to vary, suspend or terminate the buy-back at any time.

## Page ii

1. Presented on an underlying basis, excluding items listed per note 3 above.

## Page iii

1. Presented on a cash basis, underlying operating income excludes a \$516 million (pre-tax) gain on sale of ~10% shareholding in Bank of Hangzhou in FY22.
2. Presented on a cash basis, underlying operating expense excludes \$212 million of restructuring and regulatory provisions in FY23 and \$389 million of accelerated software amortisation in FY22.

## Page iv

1. Loan Impairment Expense as a percentage of average Gross Loans and Acceptances (GLAA) (bpts) annualised.
2. Group consumer arrears including New Zealand.
3. Excludes Reverse Mortgage, Commonwealth Portfolio Loan and Residential Mortgage Group loans.
4. The Group uses four alternative macroeconomic scenarios to reflect a range of possible future outcomes in estimating the Expected Credit Loss (ECL) for significant portfolios. Scenarios are updated based on changes in both the macroeconomic and geopolitical environment.
5. Central Scenario is based on the Group's internal economic forecasts and market consensus as well as other assumptions used in business planning and forecasting. Assumes 100% weighting holding all assumptions including forward-looking adjustments constant and includes individually assessed provisions.

## Page v

1. Refer to footnote 7 under page i above.
2. APRA's capital framework effective up until 31 December 2022.
3. APRA's revised capital framework effective 1 January 2023.
4. Quarterly average.
5. The Net Stable Funding Ratio excluding the impact of CBA's Term Facility Funding drawdowns was 117% as at 30 June 2023.

## Page vi

1. Cash NPAT inclusive of discontinued operations.

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This announcement has been authorised for release by the Board.



# Key financial information

	Full year ended <sup>1</sup> ("cash basis")			Half year ended ("cash basis")		
	30 Jun 23 \$m	30 Jun 22 \$m	Jun 23 v Jun 22 %	30 Jun 23 \$m	31 Dec 22 \$m	Jun 23 v Dec 22 %
<b>Group performance summary (continuing operations)</b>						
Net interest income	23,056	19,473	18	11,419	11,637	(2)
Other operating income	4,181	4,700	(11)	2,225	1,956	14
Underlying total operating income	27,237	24,173	13	13,644	13,593	-
<i>Gain on sale of HZB shares<sup>2</sup></i>	-	516	n/a	-	-	-
<b>Total operating income</b>	<b>27,237</b>	<b>24,689</b>	<b>10</b>	<b>13,644</b>	<b>13,593</b>	<b>-</b>
Underlying operating expenses	(11,646)	(11,039)	5	(5,873)	(5,773)	2
<i>Restructuring, accelerated amortisation and one-off item<sup>3</sup></i>	(212)	(389)	(46)	(212)	-	n/a
<b>Total operating expenses</b>	<b>(11,858)</b>	<b>(11,428)</b>	<b>4</b>	<b>(6,085)</b>	<b>(5,773)</b>	<b>5</b>
Underlying operating performance	15,591	13,134	19	7,771	7,820	(1)
<b>Operating performance</b>	<b>15,379</b>	<b>13,261</b>	<b>16</b>	<b>7,559</b>	<b>7,820</b>	<b>(3)</b>
Loan impairment (expense) / benefit	(1,108)	357	large	(597)	(511)	17
<b>Net profit before tax</b>	<b>14,271</b>	<b>13,618</b>	<b>5</b>	<b>6,962</b>	<b>7,309</b>	<b>(5)</b>
<b>NPAT from continuing operations</b>	<b>10,164</b>	<b>9,595</b>	<b>6</b>	<b>5,011</b>	<b>5,153</b>	<b>(3)</b>
<b>NPAT from discount'd operations<sup>4</sup></b>	<b>18</b>	<b>113</b>	<b>(84)</b>	<b>8</b>	<b>10</b>	<b>(20)</b>
<b>NPAT from continuing operations ("statutory basis")</b>	<b>10,188</b>	<b>9,673</b>	<b>5</b>	<b>4,972</b>	<b>5,216</b>	<b>(5)</b>
<b>Cash net profit after tax, by division (continuing operations)</b>						
Retail Banking Services <sup>5</sup>	5,158	4,913	5	2,467	2,691	(8)
Business Banking	3,973	3,010	32	2,001	1,972	1
Institutional Banking and Markets	1,031	1,058	(3)	578	453	28
New Zealand	1,356	1,265	7	638	718	(11)
Corporate Centre and Other	(1,354)	(651)	(large)	(673)	(681)	1
<b>NPAT from continuing operations</b>	<b>10,164</b>	<b>9,595</b>	<b>6</b>	<b>5,011</b>	<b>5,153</b>	<b>(3)</b>
<b>Shareholder ratios &amp; performance indicators (continuing operations unless otherwise stated)</b>						
Earnings per share – "cash basis" – basic (cents)	601.5	557.1	8	297.5	304.1	(2)
Return on equity – "cash basis" (%)	14.0	12.7	130bpts	14.0	14.1	(10)bpts
Dividends per share – fully franked (cents)	450	385	17	240	210	14
Dividend payout ratio – "cash basis" (%) <sup>6</sup>	74	68	large	80	69	large
Average interest earning assets (\$m) <sup>7</sup>	1,111,254	1,026,910	8	1,122,667	1,100,027	2
Net interest margin (%)	2.07	1.90	17bpts	2.05	2.10	(5)bpts
Operating expenses to operating income (%)	43.5	46.3	(280)bpts	44.6	42.5	210bpts

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

2. Represents the pre-tax gain on sale of ~10% shareholding in Bank of Hangzhou of \$516 million in FY22.

3. Relates to the impact of \$212m of restructuring and one-off regulatory provisions in FY23, and \$389m of accelerated software amortisation in FY22.

4. The financial results of discontinued operations are excluded from the individual account lines of the Bank's performance and reported as a single cash net profit after tax line item. Discontinued operations include Colonial First State (CFS) and associated transitional service agreements.

5. Retail Banking Services including General Insurance.

6. Includes discontinued operations.

7. Average interest earning assets are net of average mortgage offset balances.



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# Highlights

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# Contents

## 2. Highlights

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Group Performance Summary	2
Non-Cash Items included in Statutory Profit	3
Key Performance Indicators	4
Market Share	7
Credit Ratings	7

# Highlights

## Group Performance Summary

	Full Year Ended <sup>1</sup> ("statutory basis")		Full Year Ended <sup>1</sup> ("cash basis")			Half Year Ended ("cash basis")		
	30 Jun 23	Jun 23 vs Jun 22 %	30 Jun 23	30 Jun 22	Jun 23 vs Jun 22 %	30 Jun 23	31 Dec 22	Jun 23 vs Dec 22 %
	\$M		\$M	\$M		\$M	\$M	
<b>Group Performance Summary</b>								
Net interest income	23,056	18	23,056	19,473	18	11,419	11,637	(2)
Other operating income	4,474	(18)	4,181	5,216	(20)	2,225	1,956	14
<b>Total operating income</b>	<b>27,530</b>	<b>10</b>	<b>27,237</b>	<b>24,689</b>	<b>10</b>	<b>13,644</b>	<b>13,593</b>	<b>–</b>
Operating expenses	(12,079)	4	(11,858)	(11,428)	4	(6,085)	(5,773)	5
<b>Operating performance</b>	<b>15,451</b>	<b>16</b>	<b>15,379</b>	<b>13,261</b>	<b>16</b>	<b>7,559</b>	<b>7,820</b>	<b>(3)</b>
Loan impairment (expense)/benefit	(1,108)	large	(1,108)	357	large	(597)	(511)	17
<b>Net profit before tax</b>	<b>14,343</b>	<b>5</b>	<b>14,271</b>	<b>13,618</b>	<b>5</b>	<b>6,962</b>	<b>7,309</b>	<b>(5)</b>
Corporate tax expense	(4,155)	4	(4,107)	(4,023)	2	(1,951)	(2,156)	(10)
<b>Net profit after tax from continuing operations</b>	<b>10,188</b>	<b>5</b>	<b>10,164</b>	<b>9,595</b>	<b>6</b>	<b>5,011</b>	<b>5,153</b>	<b>(3)</b>
Net profit after tax from discontinued operations <sup>2</sup>	(98)	(large)	18	113	(84)	8	10	(20)
<b>Net profit after tax</b>	<b>10,090</b>	<b>(6)</b>	<b>10,182</b>	<b>9,708</b>	<b>5</b>	<b>5,019</b>	<b>5,163</b>	<b>(3)</b>
(Loss)/gain on acquisition, disposal, closure and demerger of businesses	n/a	n/a	(84)	955	(large)	(54)	(30)	80
Hedging and IFRS volatility	n/a	n/a	(8)	108	(large)	(20)	12	(large)
<b>Net profit after tax ("statutory basis")</b>	<b>10,090</b>	<b>(6)</b>	<b>10,090</b>	<b>10,771</b>	<b>(6)</b>	<b>4,945</b>	<b>5,145</b>	<b>(4)</b>
<b>Cash net profit after tax, by division</b>								
Retail Banking Services (excl. General Insurance)			5,197	4,943	5	2,467	2,730	(10)
General Insurance			(39)	(30)	(30)	–	(39)	large
Retail Banking Services			5,158	4,913	5	2,467	2,691	(8)
Business Banking			3,973	3,010	32	2,001	1,972	1
Institutional Banking and Markets			1,031	1,058	(3)	578	453	28
New Zealand			1,356	1,265	7	638	718	(11)
Corporate Centre and Other			(1,354)	(651)	(large)	(673)	(681)	1
<b>Net profit after tax from continuing operations ("cash basis")</b>			<b>10,164</b>	<b>9,595</b>	<b>6</b>	<b>5,011</b>	<b>5,153</b>	<b>(3)</b>

<sup>1</sup> Comparative information has been restated to reflect the prior period restatements. For further details refer to Note 1.1 in the 2023 Annual Report.

<sup>2</sup> 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 mainly includes Colonial First State (CFS) and associated transitional service agreements.

## Highlights (continued)

### Non-Cash Items included in Statutory Profit

The Profit Announcement discloses the net profit after tax on both a statutory and cash basis. The statutory basis is prepared in accordance with the Corporations Act and the Australian Accounting Standards, which comply with International Financial Reporting Standards (IFRS). The cash basis is used by management to present a clear view of the Bank's operating results. It is not a measure based on cash accounting or cash flows. The items excluded from cash profit, such as hedging and IFRS volatility and gains or losses on acquisition, disposal, closure, capital repatriation and demerger of businesses are calculated consistently with the prior year and prior half disclosures and do not discriminate between positive and negative adjustments. A list of items excluded from cash profit is provided in the table below.

	Full Year Ended			Half Year Ended		
	30 Jun 23	30 Jun 22	Jun 23 vs Jun 22 %	30 Jun 23	31 Dec 22	Jun 23 vs Dec 22 %
<b>Non-Cash items included in Statutory Profit</b>	<b>\$M</b>	<b>\$M</b>		<b>\$M</b>	<b>\$M</b>	
(Loss)/gain on acquisition, disposal, closure and demerger of businesses	(84)	955	(large)	(54)	(30)	(80)
Hedging and IFRS volatility	(8)	108	(large)	(20)	12	(large)
<b>Total non-cash items (after tax)</b>	<b>(92)</b>	<b>1,063</b>	<b>(large)</b>	<b>(74)</b>	<b>(18)</b>	<b>(large)</b>

Non-Cash items attributable to continuing and discontinued operations are set out below:

	Full Year Ended			Half Year Ended		
	30 Jun 23	30 Jun 22	Jun 23 vs Jun 22 %	30 Jun 23	31 Dec 22	Jun 23 vs Dec 22 %
<b>Non-Cash items included in Statutory Profit</b>	<b>\$M</b>	<b>\$M</b>		<b>\$M</b>	<b>\$M</b>	
Gain/(loss) on acquisition, disposal, closure and demerger of businesses <sup>1</sup>	32	(30)	large	(19)	51	(large)
Hedging and IFRS volatility	(8)	108	(large)	(20)	12	(large)
<b>Non-cash items (after tax) from continuing operations</b>	<b>24</b>	<b>78</b>	<b>(69)</b>	<b>(39)</b>	<b>63</b>	<b>(large)</b>
(Loss)/gain on acquisition, disposal, closure and demerger of businesses <sup>2</sup>	(116)	985	(large)	(35)	(81)	57
<b>Non-cash items (after tax) from discontinued operations</b>	<b>(116)</b>	<b>985</b>	<b>(large)</b>	<b>(35)</b>	<b>(81)</b>	<b>57</b>
<b>Total non-cash items (after tax)</b>	<b>(92)</b>	<b>1,063</b>	<b>(large)</b>	<b>(74)</b>	<b>(18)</b>	<b>(large)</b>

1 Includes gains and losses net of transaction and separation costs associated with disposal of AUSIEX, CommInsure General Insurance, Count Financial and other businesses, and the derecognition and closure of Commonwealth Financial Planning.

2 Includes gains and losses net of transaction and separation costs associated with the disposal of CFS, and other businesses and the deconsolidation of CommInsure Life.

# Highlights (continued)

## Key Performance Indicators

Key Performance Indicators <sup>2</sup>	Full Year Ended <sup>1</sup>			Half Year Ended <sup>1</sup>		
	30 Jun 23	30 Jun 22	Jun 23 vs Jun 22 %	30 Jun 23	31 Dec 22	Jun 23 vs Dec 22 %
<b>Group Performance from continuing operations</b>						
Statutory net profit after tax (\$M)	10,188	9,673	5	4,972	5,216	(5)
Cash net profit after tax (\$M)	10,164	9,595	6	5,011	5,153	(3)
Net interest margin (%)	2.07	1.90	17 bpts	2.05	2.10	(5)bpts
Operating expenses to total operating income (%)	43.5	46.3	(280)bpts	44.6	42.5	210 bpts
Spot number of full-time equivalent staff (FTE)	49,454	48,906	1	49,454	48,538	2
Average number of FTE	49,122	46,997	5	49,219	48,942	1
Effective corporate tax rate (%)	28.8	29.5	(70)bpts	28.0	29.5	(150)bpts
Profit after capital charge (PACC) (\$M) <sup>3</sup>	6,005	3,829	57	2,953	3,052	(3)
Average interest earning assets (\$M) <sup>4</sup>	1,111,254	1,026,910	8	1,122,667	1,100,027	2
Assets under management (AUM) - average (\$M)	18,882	20,278	(7)	19,308	18,454	5
<b>Group Performance including discontinued operations</b>						
Statutory net profit after tax (\$M)	10,090	10,771	(6)	4,945	5,145	(4)
Cash net profit after tax (\$M)	10,182	9,708	5	5,019	5,163	(3)
Net interest margin (%)	2.07	1.90	17 bpts	2.05	2.10	(5)bpts
Operating expenses to total operating income (%)	43.6	46.4	(280)bpts	44.6	42.5	210 bpts
Spot number of full-time equivalent staff (FTE)	49,454	48,906	1	49,454	48,538	2
Effective corporate tax rate (%)	28.8	29.6	(80)bpts	28.0	29.5	(150)bpts
Profit after capital charge (PACC) (\$M) <sup>3</sup>	6,027	3,942	53	2,964	3,063	(3)

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

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

3 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.

4 Average interest earning assets are net of average mortgage offset balances.

# Highlights (continued)

## Key Performance Indicators (continued)

Key Performance Indicators	Full Year Ended			Half Year Ended		
	30 Jun 23	30 Jun 22	Jun 23 vs Jun 22 %	30 Jun 23	31 Dec 22	Jun 23 vs Dec 22 %
<b>Shareholder Returns from continuing operations</b>						
Earnings Per Share (EPS) (cents) <sup>1</sup>						
Statutory basis - basic	<b>603.0</b>	561.7	7	<b>295.1</b>	307.8	(4)
Cash basis - basic	<b>601.5</b>	557.1	8	<b>297.5</b>	304.1	(2)
Return on equity (ROE) (%) <sup>1</sup>						
Statutory basis	<b>14.1</b>	12.8	130 bpts	<b>13.9</b>	14.2	(30)bpts
Cash basis	<b>14.0</b>	12.7	130 bpts	<b>14.0</b>	14.1	(10)bpts
<b>Shareholder Returns including discontinued operations</b>						
Earnings per share (EPS) (cents) <sup>1</sup>						
Statutory basis - basic	<b>597.2</b>	625.4	(5)	<b>293.5</b>	303.6	(3)
Cash basis - basic	<b>602.6</b>	563.7	7	<b>297.9</b>	304.7	(2)
Return on equity (ROE) (%) <sup>1</sup>						
Statutory basis	<b>13.9</b>	14.3	(40)bpts	<b>13.8</b>	14.0	(20)bpts
Cash basis	<b>14.1</b>	12.9	120 bpts	<b>14.0</b>	14.1	(10)bpts
Dividends per share - fully franked (cents)	<b>450</b>	385	17	<b>240</b>	210	14
Dividend cover - "cash basis" (times)	<b>1.3</b>	1.5	(13)	<b>1.2</b>	1.5	(20)
Dividend payout ratio (%) <sup>1</sup>						
Statutory basis	<b>75</b>	61	large	<b>81</b>	69	large
Cash basis	<b>74</b>	68	large	<b>80</b>	69	large
<b>Capital including discontinued operations</b>						
Common Equity Tier 1 (APRA) (%)	<b>12.2</b>	11.5	70 bpts	<b>12.2</b>	11.4	80 bpts
Risk weighted assets (RWA) (\$M)	<b>467,992</b>	497,892	(6)	<b>467,992</b>	504,380	(7)
Leverage Ratio (APRA) (%)	<b>5.1</b>	5.2	(10)bpts	<b>5.1</b>	5.1	–
<b>Funding and Liquidity Metrics including discontinued operations</b>						
Liquidity Coverage Ratio (%) <sup>2</sup>	<b>131</b>	130	100 bpts	<b>131</b>	131	–
Weighted Average Maturity of Long-Term Debt (years) <sup>3</sup>	<b>5.3</b>	4.7	0.6 years	<b>5.3</b>	4.8	0.5 years
Customer Deposit Funding Ratio (%)	<b>75</b>	74	100 bpts	<b>75</b>	75	–
Net Stable Funding Ratio (%)	<b>124</b>	130	(large)	<b>124</b>	129	(500)bpts
<b>Credit Quality Metrics including discontinued operations</b>						
Loan impairment expense annualised as a % of average GLAAs	<b>0.12</b>	(0.04)	16 bpts	<b>0.13</b>	0.11	2 bpts
Gross impaired assets as a % of GLAAs	<b>0.36</b>	0.33	3 bpts	<b>0.36</b>	0.33	3 bpts
Credit risk weighted assets (RWA) (\$M)	<b>362,869</b>	393,647	(8)	<b>362,869</b>	402,017	(10)

<sup>1</sup> For definitions refer to Appendix 6.6.

<sup>2</sup> Quarterly average.

<sup>3</sup> 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) and RBNZ term lending facilities. WAM as at 30 June 2023 excluding the RBA TFF and RBNZ term lending facilities is 5.5 years (31 December 2022: 5.8 years; 30 June 2022: 6.3 years).

# Highlights (continued)

## Key Performance Indicators (continued)

Key Performance Indicators <sup>2</sup>	Full Year Ended <sup>1</sup>			Half Year Ended		
	30 Jun 23	30 Jun 22	Jun 23 vs Jun 22 %	30 Jun 23	31 Dec 22	Jun 23 vs Dec 22 %
<b>Retail Banking Services <sup>3</sup></b>						
Cash net profit after tax (\$M)	5,197	4,943	5	2,467	2,730	(10)
Net interest margin (%)	2.64	2.40	24 bpts	2.55	2.74	(19)bpts
Average interest earning assets (AIEA) (\$M) <sup>4</sup>	424,908	400,609	6	431,109	418,807	3
Operating expenses to total operating income (%)	36.4	39.4	(300)bpts	37.0	35.8	120 bpts
Risk weighted assets (\$M) <sup>5</sup>	164,977	166,565	(1)	164,977	165,002	–
<b>Business Banking</b>						
Cash net profit after tax (\$M)	3,973	3,010	32	2,001	1,972	1
Net interest margin (%)	3.60	2.97	63 bpts	3.57	3.63	(6)bpts
Average interest earning assets (AIEM) (\$M) <sup>4</sup>	213,014	197,026	8	216,824	209,267	4
Operating expenses to total operating income (%)	30.1	37.6	(large)	29.8	30.3	(50)bpts
Risk weighted assets (\$M)	126,909	147,326	(14)	126,909	149,523	(15)
<b>Institutional Banking and Markets</b>						
Cash net profit after tax (\$M)	1,031	1,058	(3)	578	453	28
Net interest margin (%)	0.88	1.12	(24)bpts	0.89	0.86	3 bpts
Average interest earning assets (AIEA) (\$M)	161,385	137,843	17	159,593	163,148	(2)
Operating expenses to total operating income (%)	43.7	42.8	90 bpts	40.5	47.4	(large)
Risk weighted assets (\$M)	68,803	80,001	(14)	68,803	84,693	(19)
<b>New Zealand</b>						
Cash net profit after tax (A\$M)	1,356	1,265	7	638	718	(11)
Net interest margin (ASB) (%) <sup>6</sup>	2.44	2.22	22 bpts	2.36	2.52	(16)bpts
Average interest earning assets (AIEA) (ASB) (NZ\$M) <sup>6</sup>	123,215	116,397	6	125,110	121,350	3
Operating expenses to total operating income (ASB) (%) <sup>6</sup>	36.3	35.7	60 bpts	38.8	33.9	490 bpts
Risk weighted assets - APRA basis (A\$M) <sup>7</sup>	61,958	54,054	15	61,958	58,305	6
Risk weighted assets - RBNZ basis (NZ\$M) <sup>8</sup>	70,780	68,301	4	70,780	69,491	2
AUM - average (ASB) (NZ\$M) <sup>6</sup>	20,646	21,647	(5)	20,876	20,353	3

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

2 Presented on a "cash basis".

3 Excludes General Insurance.

4 Net of average mortgage offset balances.

5 Includes General Insurance.

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

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

8 Risk weighted assets (NZ\$M) calculated in accordance with RBNZ requirements.

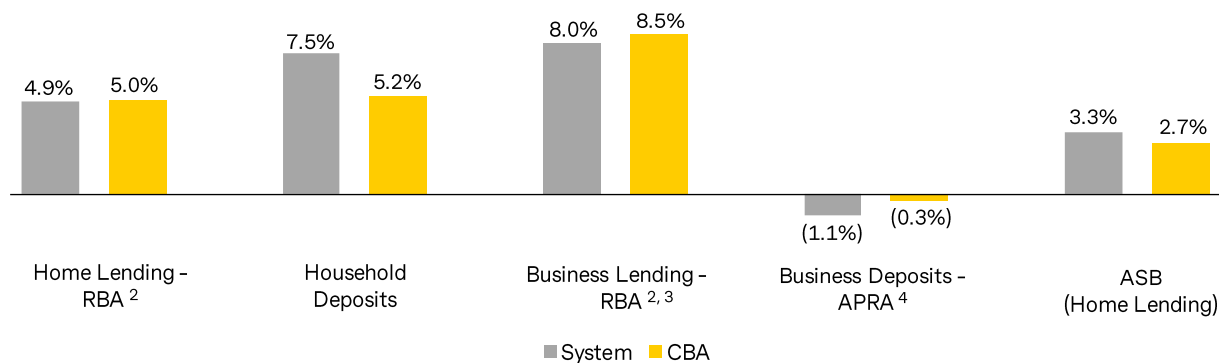
# Highlights (continued)

## Market Share

Market Share	As at <sup>1</sup>				
	30 Jun 23 %	31 Dec 22 %	30 Jun 22 %	Jun 23 vs Dec 22	Jun 23 vs Jun 22
Home loans - RBA <sup>2</sup>	25.1	25.1	25.1	–	–
Home loans - APRA <sup>3</sup>	25.8	25.8	25.8	–	–
Credit cards - APRA <sup>3</sup>	28.9	28.8	28.5	10 bpts	40 bpts
Other household lending - APRA <sup>3,4</sup>	20.4	19.4	18.5	100 bpts	190 bpts
Household deposits - APRA <sup>3</sup>	26.9	26.9	27.5	–	(60)bpts
Business lending - RBA <sup>2</sup>	17.0	16.9	17.0	10 bpts	–
Business lending - APRA <sup>3,5</sup>	18.0	17.8	17.8	20 bpts	20 bpts
Business deposits - APRA <sup>3,5</sup>	22.8	22.4	22.6	40 bpts	20 bpts
Equities trading <sup>6</sup>	3.5	3.7	4.2	(20)bpts	(70)bpts
NZ home loans	21.5	21.6	21.6	(10)bpts	(10)bpts
NZ customer deposits	18.5	18.0	18.3	50 bpts	20 bpts
NZ business lending	17.3	16.8	16.9	50 bpts	40 bpts

- 1 Comparative information has been updated to reflect market restatements.
- 2 System source: RBA Lending and Credit Aggregates.
- 3 System source: APRA's Monthly Authorised Deposit-taking Institution Statistics (MADIS) publication.
- 4 Other Household Lending market share includes personal loans, margin loans and other forms of lending to individuals.
- 5 Represents business lending to and business deposits by non-financial businesses under APRA definitions.
- 6 Represents CommSec traded value as a percentage of total Australian Equities markets, on a 12 month rolling average basis.

## CBA growth against System <sup>1</sup> Balance growth - 12 months to June 23



- 1 System and CBA source: RBA/APRA/RBNZ.
- 2 System and CBA source: RBA Lending and Credit Aggregates.
- 3 CBA Domestic Business Lending growth (including Institutional Lending but excludes Cash Management Pooling Facilities).
- 4 System and CBA source: APRA Deposits by non-financial businesses.

## Credit Ratings

Credit Ratings	Long-term	Short-term	Outlook
Fitch Ratings	A+	F1	Stable
Moody's Investors Service	Aa3	P-1	Stable
S&P Global Ratings	AA-	A-1+	Stable

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# **Group Performance Analysis**

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# Contents

## 3. Group Performance Analysis

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Financial Performance and Business Review	10
Net Interest Income	12
Other Operating Income	14
Operating Expenses	15
Investment Spend	17
Capitalised Software	18
Loan Impairment Expense	19
Taxation Expense	20
Group Assets and Liabilities	21

# Group Performance Analysis

## Financial Performance and Business Review

Comments are versus prior year unless stated otherwise (continuing operations basis <sup>1</sup>).

The Bank's statutory net profit after tax (NPAT) from continuing operations for the full year ended 30 June 2023 increased \$515 million or 5% on the prior year to \$10,188 million. The Bank's statutory NPAT (including discontinued operations) decreased \$681 million or 6% on the prior year to \$10,090 million.

Cash net profit after tax ("cash NPAT" or "cash profit") from continuing operations increased \$569 million or 6% on the prior year to \$10,164 million. The result was driven by a 13% increase in operating income <sup>2</sup>, a 5% increase in operating expenses <sup>2</sup> and a \$1,465 million increase in loan impairment expense.

Operating income <sup>2</sup> increased 13% on the prior year. Key movements included:

- Net interest income increased 18%, primarily driven by an 8% or \$84 billion increase in average interest earning assets (AIEA) and a 17 basis point recovery in Net Interest Margin (NIM). The increase in AIEA was mainly due to growth in home, business and institutional loans, and increased non-lending interest earning assets including higher liquid assets and reverse sale and repurchase agreements. Excluding the 3 basis points reduction in margin from growth in lower yielding liquid assets, NIM increased by 20 basis points, primarily driven by higher earnings from deposits, replicated products and capital and other hedges, in a rising interest rate environment, partly offset by the impact on lending margin from increased competition and higher swap and cash rates, unfavourable portfolio mix mainly from customers switching to higher yielding deposits, and increased wholesale funding costs.
- Other operating income decreased 11%, primarily driven by loss of income from divestments, including the sale of CommInsure General Insurance in the current year, and the 10% shareholding in Bank of Hangzhou (HZB) in the prior year, lower equity accounted profits from minority investments, reduced CommSec equities income from decreased trading volumes and unfavourable derivative valuation adjustments, partly offset by higher Markets trading and sales income and higher volume driven retail and business fee income.

Operating expenses <sup>2</sup> increased 5% mainly driven by inflation, additional technology spend to support the delivery of our strategic priorities and volume growth, partly offset by productivity initiatives.

Loan impairment expense (LIE) increased \$1,465 million, primarily driven by higher collective provision charges reflecting impacts from ongoing cost of living pressures and rising interest rates, and the non-recurrence of COVID-19 related collective provision releases in the prior year. Home loan 90+ day arrears were 0.47%, a slight increase of 4bps on the prior half, supported by a strong labour market. Credit cards and Personal loans arrears were 0.55% and 1.19%, an increase of 9bps and 24bps respectively on the prior half, reflecting increased cost of living pressures. Total provisions to CRWA is 1.64%, up 26bps on the prior half <sup>3</sup>, reflecting both an increase in collective provisions and lower credit risk weighted assets.

CET1 increased 10 basis points from 1 January 2023 <sup>4</sup> to 12.2%, well above the regulatory minimum of 10.25%. Excluding the impact from the payment of the 2023 interim dividend (-76bps) and the additional on-market share buy-back (-26bps) to complete the previously announced \$3 billion buy-back, CET1 increased 112 basis points, driven by capital generated from earnings (+104bps) and lower RWAs (+14bps), partly offset by other regulatory adjustments (-6bps).

Earnings per share ("cash basis") increased 8% on the prior year to 602 cents per share, primarily due to the increase in cash profit and the reduction in the number of shares on issue as a result of share buy-backs.

Return on equity ("cash basis") increased 130 basis points to 14.0% due to the impact of higher profit (approximately 80 basis points) and a decrease in average capital levels (approximately 50 basis points), reflecting completion of share buy-backs.

The final dividend determined was \$2.40 per share, bringing the total for the year to \$4.50 which is equivalent to 74% of the Bank's cash profit.

Balance sheet strength and resilience is a key priority for the Bank. The Bank has managed key balance sheet risks in a sustainable and conservative manner, and has made strategic decisions to ensure strength in capital, funding and liquidity. In particular, the Bank has:

- Fulfilled a significant proportion of its funding requirements from customer deposits, accounting for 75% of total funding at 30 June 2023 (up 1% from 74% at 30 June 2022);
- Issued new long-term wholesale funding of \$37 billion. Including the RBA Term Funding Facility (TFF) and RBNZ term lending facilities, the portfolio WAM <sup>5</sup> was 5.3 years (up from 4.7 years at 30 June 2022);
- Maintained its strong funding position, with long-term wholesale funding accounting for 74% of total wholesale funding (up from 69% at 30 June 2022); and
- Appropriately managed the level of liquid assets and customer deposit growth to maintain our strong funding and liquidity positions, as illustrated by the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) being well above the regulatory minimum.

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 mainly includes transitional service agreements relating to divested entities and CFS.

2 Reflecting underlying performance within operating income and expenses, excluding the impact from: Operating income: \$516 million relating to the pre-tax gain on sale of 10% shareholding in HZB in FY22. Operating expenses: \$389 million relating to the accelerated amortisation on certain capitalised software in FY22 and \$212 million of restructuring and one-off regulatory provision in FY23.

3 Prior half RWA per APRA's previous capital framework. Total provision coverage increased by 14bps on prior half if December 2022 RWA were normalised for APRA's revised capital framework.

4 Per APRA's revised capital framework.

5 The portfolio WAM excluding the RBA TFF and RBNZ term lending facilities as at 30 June 2023 was 5.5 years (31 December 2022: 5.8 years; 30 June 2022: 6.3 years).

# Group Performance Analysis (continued)

## Financial Performance and Business Review (continued)

In order to present a transparent view of the business' performance, operating income and expenses are shown both on an underlying and headline basis.

	Full Year Ended <sup>1</sup> ("cash basis")			Half Year Ended ("cash basis")		
	30 Jun 23 \$M	30 Jun 22 \$M	Jun 23 vs Jun 22 %	30 Jun 23 \$M	31 Dec 22 \$M	Jun 23 vs Dec 22 %
<b>Group Performance Summary</b>						
<b>Underlying operating income</b>	<b>27,237</b>	24,173	13	<b>13,644</b>	13,593	–
<i>Gain on sale of HZB shares <sup>2</sup></i>	–	516	n/a	–	–	–
<b>Total operating income</b>	<b>27,237</b>	24,689	10	<b>13,644</b>	13,593	–
<b>Underlying operating expenses</b>	<b>(11,646)</b>	(11,039)	5	<b>(5,873)</b>	(5,773)	2
<i>Restructuring, accelerated amort. and one-off item <sup>3</sup></i>	<b>(212)</b>	(389)	(46)	<b>(212)</b>	–	n/a
<b>Total operating expenses</b>	<b>(11,858)</b>	(11,428)	4	<b>(6,085)</b>	(5,773)	5
Underlying operating performance	<b>15,591</b>	13,134	19	<b>7,771</b>	7,820	(1)
<b>Operating performance</b>	<b>15,379</b>	13,261	16	<b>7,559</b>	7,820	(3)
Loan impairment (expense)/benefit	<b>(1,108)</b>	357	large	<b>(597)</b>	(511)	17
<b>Net profit before tax</b>	<b>14,271</b>	13,618	5	<b>6,962</b>	7,309	(5)
Corporate tax expense	<b>(4,107)</b>	(4,023)	2	<b>(1,951)</b>	(2,156)	(10)
<b>Net profit after tax from continuing operations ("cash basis")</b>	<b>10,164</b>	9,595	6	<b>5,011</b>	5,153	(3)
Non-cash items - continuing operations <sup>4</sup>	<b>24</b>	78	(69)	<b>(39)</b>	63	(large)
<b>Net profit after tax from continuing operations ("statutory basis")</b>	<b>10,188</b>	9,673	5	<b>4,972</b>	5,216	(5)
Net profit after tax from discontinued operations ("cash basis")	<b>18</b>	113	(84)	<b>8</b>	10	(20)
Non-cash items - discontinued operations <sup>4</sup>	<b>(116)</b>	985	(large)	<b>(35)</b>	(81)	(57)
<b>Net profit after tax ("statutory basis")</b>	<b>10,090</b>	10,771	(6)	<b>4,945</b>	5,145	(4)

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

2 Represents the pre-tax gain on sale of 10% shareholding in Bank of Hangzhou of \$516 million in FY22.

3 Relates to the impact of accelerated amortisation on certain capitalised software of \$389 million in FY22 and \$212 million of restructuring and one-off regulatory provision in FY23.

4 Refer to page 3 for further information.

# Group Performance Analysis (continued)

## Net Interest Income (continuing operations basis)

	Full Year Ended			Half Year Ended		
	30 Jun 23	30 Jun 22	Jun 23 vs Jun 22 %	30 Jun 23	31 Dec 22	Jun 23 vs Dec 22 %
	\$M	\$M		\$M	\$M	
<b>Net interest income - "cash basis"</b>	<b>23,056</b>	19,473	18	<b>11,419</b>	11,637	(2)
<b>Average interest earning assets</b>						
Home loans <sup>1</sup>	<b>565,189</b>	538,122	5	<b>572,660</b>	557,840	3
Consumer finance	<b>16,681</b>	16,319	2	<b>16,912</b>	16,455	3
Business and corporate loans	<b>254,731</b>	230,101	11	<b>257,928</b>	251,585	3
Total average lending interest earning assets	<b>836,601</b>	784,542	7	<b>847,500</b>	825,880	3
Non-lending interest earning assets (excl. liquid assets)	<b>77,434</b>	62,484	24	<b>77,229</b>	77,636	(1)
<b>Total average interest earning assets (excl. liquid assets)</b>	<b>914,035</b>	847,026	8	<b>924,729</b>	903,516	2
Liquid assets <sup>2</sup>	<b>197,219</b>	179,884	10	<b>197,938</b>	196,511	1
<b>Total average interest earning assets</b>	<b>1,111,254</b>	1,026,910	8	<b>1,122,667</b>	1,100,027	2
Net interest margin (%)	<b>2.07</b>	1.90	17 bpts	<b>2.05</b>	2.10	(5)bpts

1 Net of average mortgage offset balances of \$69,717 million for the full year ended 30 June 2023 (\$64,748 million for the full year ended 30 June 2022), and \$70,794 million for the half year ended 30 June 2023 (\$68,658 million for the half year ended 31 December 2022). While these balances are required to be grossed up under accounting standards, they are netted down for the calculation of customer interest payments and the calculation of the Bank's net interest margin.

2 Average non-lending interest earning assets held by the Group for liquidity purposes and included in LCR liquid assets.

### Year Ended June 2023 versus June 2022

Net interest income was \$23,056 million, an increase of \$3,583 million or 18% on the prior year. The result was driven by a 17 basis point increase in net interest margin to 2.07% and an \$84 billion or 8% increase in average interest earning assets to \$1,111 billion. Excluding the impact of higher liquid assets in the current year, average interest earning assets increased by \$67 billion or 8%, and the net interest margin increased by 20 basis points on the prior year.

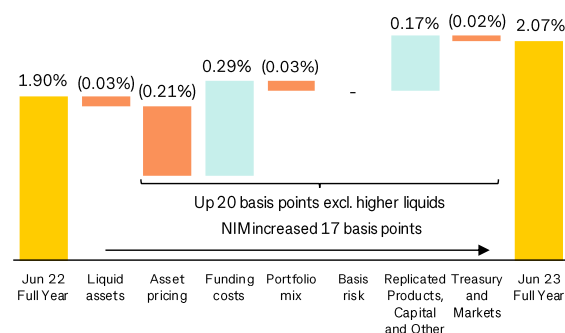
### Average Interest Earning Assets

Average interest earning assets increased \$84 billion or 8% on the prior year to \$1,111 billion.

- Home loan average balances increased \$27 billion or 5% on the prior year to \$565 billion, reflecting a focus on customer retention in a highly competitive environment and growth in our new digital-only proprietary offering, Unloan. Proprietary mix for CBA and Unloan branded home loans remained at 59% of new business flows;
- Consumer finance average balances increased 2% on the prior year to \$17 billion, driven by growth in personal loans from higher new business volumes, and increased credit card accounts and spend;
- Business and corporate loan average balances increased \$25 billion or 11% on the prior year to \$255 billion, driven by growth in Business Banking lending across a number of industries, and increased institutional lending balances in corporate lending, and warehouse and pooled facilities;
- Non-lending interest earning assets (excl. liquids) average balances increased \$15 billion or 24% on the prior year to \$77 billion, primarily driven by higher reverse sale and repurchase agreements in Institutional Banking and Markets; and
- Liquid asset average balances increased \$17 billion or 10% on the prior year to \$197 billion, primarily due to strong customer deposit growth.

For further details on the balance sheet movements refer to the 'Group Assets and Liabilities' on page 21.

### NIM Movement since June 2022



### Net Interest Margin

The Bank's net interest margin increased 17 basis points on the prior year to 2.07%. Excluding a 3 basis point reduction in margin from increased lower yielding liquid assets, net interest margin increased by 20 basis points. The key drivers of the movement were:

**Asset pricing:** Decreased margin by 21 basis points mainly driven by competitive pricing in home and business lending, and lower consumer finance margins. Home loan pricing reduced margin by 16 basis points due to increased competition (down 12 basis points) and the impact of higher swap and cash rates (down 4 basis points). Business loan pricing reduced margin by 1 basis point due to the impact of competition. Lower consumer finance margins (down 4 basis points) reflects the impact of higher cash rates, and a reduction in the proportion of interest earning credit card balances.

**Funding costs:** Increased margin by 29 basis points driven by higher earnings on deposits in a rising interest rate environment.

# Group Performance Analysis (continued)

## Net Interest Income (continued)

**Portfolio mix:** Decreased margin by 3 basis points driven by unfavourable deposit mix as customers switch to higher yielding deposits (down 2 basis points), and unfavourable asset mix from an increase in lower margin non-lending interest earning asset balances and pooled facilities (down 1 basis point).

**Basis risk:** Basis risk arises from the spread between the 3 month bank bill swap rate and the 3 month overnight index swap rate. Impact on the Bank's margin was flat reflecting a low average spread in the current year.

**Replicated Products, Capital and other:** Increased margin by 17 basis points driven by higher earnings on replicated products, capital and other hedges (up 14 basis points) and increased contribution from New Zealand (up 3 basis points) in a rising rate environment.

**Treasury and Markets:** Decreased margin by 2 basis points due to higher funding costs in Markets from the Fixed Income, and Commodities and Carbon portfolios (offset by gains in Other Operating Income).

### Half Year Ended June 2023 versus December 2022

Net interest income was \$11,419 million, a decrease of \$218 million or 2% on the prior half, driven by a 5 basis point decrease in net interest margin to 2.05% and the impact of three fewer calendar days in the current half, partly offset by a \$23 billion or 2% increase in average interest earning assets to \$1,123 billion. Liquid assets were broadly flat on the prior half and had minimal impact on net interest margin.

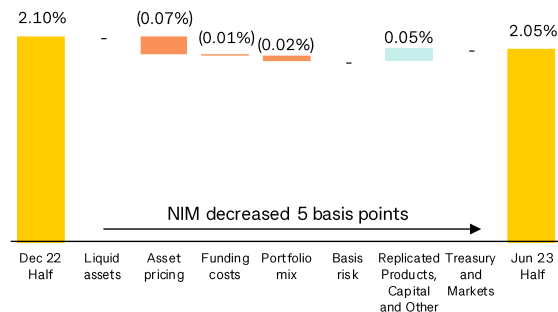
### Average Interest Earnings Assets

Average interest earning assets increased \$23 billion or 2% on the prior half to \$1,123 billion.

- Home loan average balances increased \$15 billion or 3% on the prior half to \$573 billion. Proprietary mix for CBA and Unloan branded home loans increased from 58% to 61% of new business flows;
- Consumer finance average balances increased by 3% on the prior half to \$17 billion, driven by growth in personal loans from higher new business volumes, and increased credit cards spend;
- Business and corporate loan average balances increased \$6 billion or 3% on the prior half to \$258 billion, driven by growth in Business Banking lending across a number of industries, partly offset by a decline in institutional pooled facilities;
- Non-lending interest earning asset (excl. liquids) average balances decreased 1% on the prior half to \$77 billion, primarily driven by lower reverse sale and repurchase agreements; and
- Liquid asset average balances increased \$1 billion or 1% on the prior half to \$198 billion.

For further details on the balance sheet movements refer to the 'Group Assets and Liabilities' on page 21.

### NIM Movement since December 2022



### Net Interest Margin

The Bank's net interest margin decreased 5 basis points on the prior half to 2.05%. The impact from lower yielding liquid assets was minimal as balances were broadly flat during the half. The key drivers of the movement were:

**Asset pricing:** Decreased margin by 7 basis points largely driven by home loan pricing (down 6 basis points) reflecting the impact of increased competition and lower consumer finance margins (down 1 basis point) due to the impact of higher cash rates.

**Funding costs:** Decreased margin by 1 basis point due to higher wholesale funding costs (down 1 basis point), with deposit benefits due to the rising rate environment offset by increased competition.

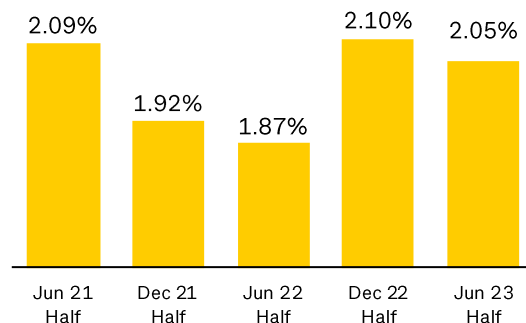
**Portfolio mix:** Decreased margin by 2 basis points driven by unfavourable deposit mix as customers switch to higher yielding term deposits (down 3 basis points), partly offset by favourable asset mix from a decrease in lower margin non-lending interest earning asset balances and pooled facilities (up 1 basis point).

**Basis risk:** Basis risk arises from the spread between the 3 month bank bill swap rate and the 3 month overnight index swap rate. Impact on the Bank's margin was flat due to a low average spread in the current half.

**Replicated Products, Capital and other:** Increased margin by 5 basis points driven by higher earnings on replicated products, capital and other hedges (up 6 basis points) in a rising risk environment, partly offset by lower earnings from New Zealand due to increased competition (down 1 basis point).

**Treasury and Markets:** Flat.

### NIM (Half Year Ended)



# Group Performance Analysis (continued)

## Other Operating Income (continuing operations basis)

	Full Year Ended <sup>1,2</sup>			Half Year Ended <sup>2</sup>		
	30 Jun 23	30 Jun 22	Jun 23 vs Jun 22 %	30 Jun 23	31 Dec 22	Jun 23 vs Dec 22 %
	\$M	\$M	Jun 22 %	\$M	\$M	Dec 22 %
Commissions	1,980	2,078	(5)	967	1,013	(5)
Lending fees	753	736	2	396	357	11
Trading income	1,095	806	36	582	513	13
Funds management and insurance income	82	208	(61)	54	28	93
Other income	271	872	(69)	226	45	large
<b>Underlying other operating income</b>	<b>4,181</b>	<b>4,700</b>	<b>(11)</b>	<b>2,225</b>	<b>1,956</b>	<b>14</b>
<i>Gain on sale of HZB shares <sup>3</sup></i>	–	516	n/a	–	–	–
<b>Other operating income</b>	<b>4,181</b>	<b>5,216</b>	<b>(20)</b>	<b>2,225</b>	<b>1,956</b>	<b>14</b>

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

2 Presented on a "cash basis".

3 For further details refer to page 11.

### Year Ended June 2023 versus June 2022

Underlying other operating income was \$4,181 million, a decrease of \$519 million or 11% on the prior year, excluding the impact of the gain on sale of HZB shares.

**Commissions** decreased by \$98 million or 5% to \$1,980 million, mainly due to lower equities income from reduced trading volumes, partly offset by higher volume driven foreign exchange and deposit fee income.

**Lending fees** increased by \$17 million or 2% to \$753 million, mainly driven by volume growth in business lending, partly offset by lower institutional loan syndication fees and the impact of removing certain lending fees in NZ.

**Trading income** increased by \$289 million or 36% to \$1,095 million, mainly driven by higher trading gains and customer sales in Markets, and gains from Treasury interest rate risk management activities, partly offset by unfavourable derivative valuation adjustments.

**Funds management and insurance income** decreased by \$126 million or 61% to \$82 million, due to lower insurance premiums as a result of the sale of the General Insurance business on 30 September 2022, and reduced funds management income from NZ mainly reflecting unfavourable market performance, the sale of management rights for the Superannuation Master Trust and the removal of KiwiSaver administration fees.

**Other income** decreased by \$601 million or 69% to \$271 million, mainly driven by lower equity accounted profits from minority investments, including the impact from the sale of a 10% shareholding in Bank of Hangzhou, equity accounted losses from CFS reflecting challenging investment market conditions and increased investment spend, and the non-recurrence of receipt of the final AIA milestone payment in the prior year.

### Half Year Ended June 2023 versus December 2022

Other operating income was \$2,225 million, an increase of \$269 million or 14% on the prior half.

**Commissions** decreased by \$46 million or 5% to \$967 million, mainly due to lower equities income from reduced trading volumes, and the impact from the removal of service fees and regulation changes on interchange fees in NZ, partly offset by increased volume driven retail foreign exchange fee income.

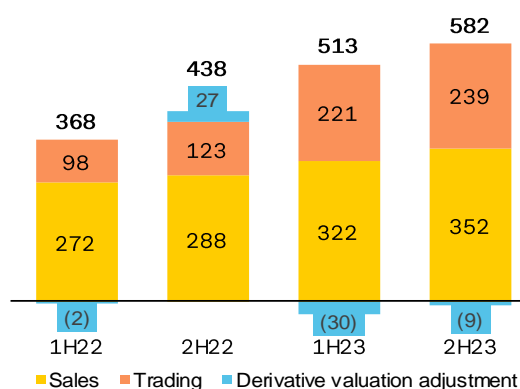
**Lending fees** increased by \$39 million or 11% to \$396 million, mainly due to higher volume driven institutional and retail lending fees reflecting volume growth.

**Trading income** increased by \$69 million or 13% to \$582 million, mainly driven by trading gains in Markets and less unfavourable derivative valuation adjustments, partly offset by lower gains from Treasury risk management activities.

**Funds management and insurance income** increased by \$26 million to \$54 million, mainly due to the sale of the General Insurance business on 30 September 2022. Funds Management Income was broadly in line with the prior half.

**Other income** increased by \$181 million to \$226 million, mainly driven by higher equity accounted profits from minority investments and higher Structured Asset Finance revenue from asset sales.

### Trading Income (\$M)





# Group Performance Analysis (continued)

## Operating Expenses (continuing operations basis)

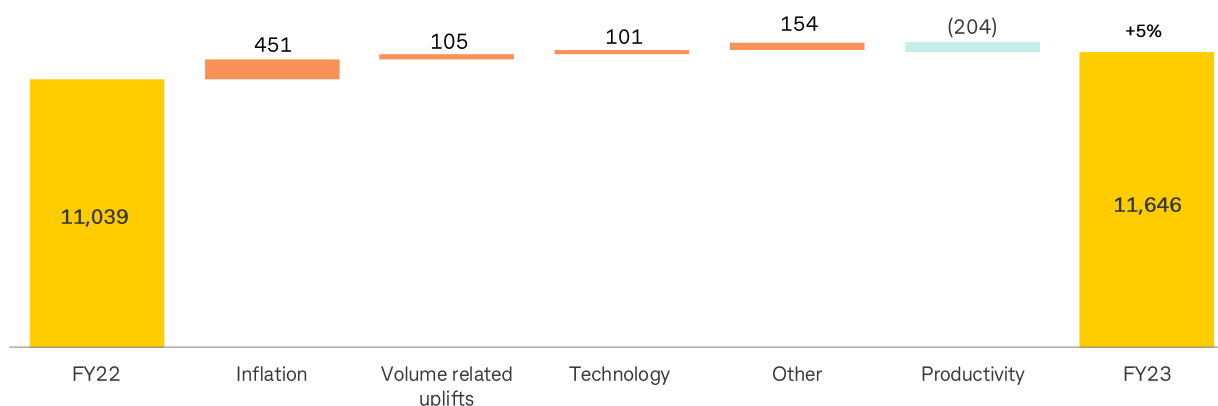
	Full Year Ended <sup>1,2</sup>			Half Year Ended <sup>1,2</sup>		
	30 Jun 23	30 Jun 22	Jun 23 vs Jun 22 %	30 Jun 23	31 Dec 22	Jun 23 vs Dec 22 %
	\$M	\$M		\$M	\$M	
Staff expenses	7,177	6,582	9	3,640	3,537	3
Occupancy and equipment expenses	950	978	(3)	471	479	(2)
Information technology services expenses	2,036	1,970	3	1,010	1,026	(2)
Other expenses	1,483	1,509	(2)	752	731	3
<b>Underlying operating expenses</b>	<b>11,646</b>	<b>11,039</b>	<b>5</b>	<b>5,873</b>	<b>5,773</b>	<b>2</b>
<i>Restructuring, accelerated amort. and one-off item <sup>3</sup></i>	<i>212</i>	<i>389</i>	<i>(46)</i>	<i>212</i>	<i>–</i>	<i>n/a</i>
<b>Total operating expenses</b>	<b>11,858</b>	<b>11,428</b>	<b>4</b>	<b>6,085</b>	<b>5,773</b>	<b>5</b>
Underlying operating expenses to underlying operating income (%)	42.8	45.7	(290)bpts	43.0	42.5	50 bpts
Operating expenses to total operating income (%)	43.5	46.3	(280)bpts	44.6	42.5	210 bpts
Average number of full-time equivalent staff (FTE)	49,122	46,997	5	49,219	48,942	1
Spot number of full-time equivalent staff (FTE)	49,454	48,906	1	49,454	48,538	2

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

2 Presented on a "cash basis".

3 Relates to restructuring and one-off regulatory provision of \$212m in the current period, and the accelerated software amortisation of \$389m in the prior year.

### Underlying Operating Expenses



#### Year Ended June 2023 versus June 2022

Underlying operating expenses were \$11,646 million, an increase of \$607 million or 5% on the prior year.

**Staff expenses** increased by \$595 million or 9% to \$7,177 million, mainly driven by wage inflation and increased full-time equivalent staff (FTE), partly offset by higher annual leave usage as COVID-19 restrictions eased, and productivity initiatives. The average number of FTE increased by 2,125 or 5% from 46,997 to 49,122, primarily due to insourcing to reduce reliance on external vendors, and enhancement of our IT and engineering capabilities including fraud and cyber security uplifts.

**Occupancy and equipment expenses** decreased by \$28 million or 3% to \$950 million, primarily reflecting benefits from the consolidation of our commercial property footprint, and branch and ATM optimisation.

**Information technology services expenses** increased by \$66 million or 3% to \$2,036 million, primarily due to inflation and increased software licensing and infrastructure costs, including growth in cloud computing volumes, partly offset by productivity initiatives including reduction in third party service providers and contractors.

**Other expenses** decreased by \$26 million or 2% to \$1,483 million, primarily driven by productivity initiatives, partly offset by increased travel spend as COVID-19 restrictions eased, and higher marketing spend and scam costs.

**Underlying operating expenses to underlying operating income ratio** decreased 290 basis points from 45.7% to 42.8%.

# Group Performance Analysis (continued)

## Operating Expenses (continued)

### *Half Year Ended June 2023 versus December 2022*

Underlying operating expenses increased \$100 million or 2% on the prior half to \$5,873 million.

**Staff expenses** increased by \$103 million or 3% to \$3,640 million, mainly driven by higher average FTEs and a change in workforce composition towards in-house technology, engineering and frontline lending resources to support our strategic priorities and enhance our capabilities, and timing of employee entitlements. The average number of FTE increased by 277 or 1% on the prior half, primarily due to insourcing to reduce reliance on external vendors, and enhancement of our IT and engineering capabilities including fraud and cyber security uplifts, partly offset by productivity initiatives.

**Occupancy and equipment expenses** decreased by \$8 million or 2% to \$471 million.

**Information technology services expenses** decreased by \$16 million or 2% to \$1,010 million, driven by productivity initiatives, including lower third party service providers and contractors.

**Other expenses** increased by \$21 million or 3% to \$752 million, mainly due to higher third party contractor costs to support operational volumes, higher scam and operational losses, and payments to support customers impacted by the New Zealand floods, partly offset by productivity initiatives.

**Underlying operating expenses to underlying operating income ratio** increased 50 basis points from 42.5% to 43.0%.

# Group Performance Analysis (continued)

## Investment Spend (continuing operations basis)

	Full Year Ended			Half Year Ended		
	30 Jun 23	30 Jun 22	Jun 23 vs Jun 22 %	30 Jun 23	31 Dec 22	Jun 23 vs Dec 22 %
	\$M	\$M		\$M	\$M	
Expensed investment spend <sup>1</sup>	990	987	–	506	484	5
Capitalised investment spend <sup>2</sup>	1,008	891	13	529	479	10
<b>Investment spend</b>	<b>1,998</b>	<b>1,878</b>	<b>6</b>	<b>1,035</b>	<b>963</b>	<b>7</b>
<b>Comprising:</b>						
Productivity and growth	924	771	20	487	437	11
Risk and compliance	630	696	(9)	324	306	6
Infrastructure and branch refurbishment	444	411	8	224	220	2
<b>Investment spend</b>	<b>1,998</b>	<b>1,878</b>	<b>6</b>	<b>1,035</b>	<b>963</b>	<b>7</b>

<sup>1</sup> Included within the operating expenses disclosure on page 15.

<sup>2</sup> Includes capitalised software investment spend and capitalised non-software investment spend, primarily related to branch refurbishments and the development of the corporate and supporting offices.

### Year Ended June 2023 versus June 2022

The Bank has continued to invest in our purpose of building a brighter future for all with \$1,998 million of investment spend incurred in the full year ended 30 June 2023, an increase of \$120 million or 6% on the prior year. This is mainly driven by an increase of \$153 million in productivity and growth initiatives and an increase of \$33 million in infrastructure and branch refurbishment spend, partly offset by a \$66 million reduction in risk and compliance spend.

In the current year, productivity and growth initiatives accounted for 46% of investment spend, an increase of 5% from 41% in the prior year. The Bank has increased its focus on strengthening our capabilities and extending our leadership in digital, technology and customer-centric product offerings through the ongoing modernisation of our platforms and interfaces to provide integrated and personalised experiences for our customers. The Bank is also continuing to focus on initiatives to simplify and enhance our systems, automate and digitise processes, and uplift internal engineering capabilities.

Risk and compliance projects accounted for 32% of investment spend, a decrease of 5% from 37% in the prior year. Risk and compliance initiatives remain a priority for the Bank as we continue to build simpler and better foundations.

Infrastructure and branch refurbishment initiatives accounted for 22% of investment spend, with the Bank continuing to uplift cyber security and enhance IT infrastructure.

Key areas of investment across each of the categories are outlined below.

### Productivity and Growth

The Bank has continued to invest in the following:

- Ongoing development of CommBank applications and digital channels to improve the customer service experience and maintain leadership in digital banking and equity trading;
- Simplifying and automating manual back-end processes and systems to improve customer experience, reduce operating costs and digitise end-to-end processes;
- Commercial lending systems to simplify the end-to-end process for loan origination and maintenance, and improve business customer experiences;

- Reducing reliance on external vendors by bringing more functions in-house; delivering cost savings while enhancing quality by building world-class engineering capabilities; and
- Ongoing modernisation and simplification of the technology stack to accelerate migration to cloud, in order to reduce the cost of IT ownership, reduce risk and improve delivery agility for faster response to changing customer needs.

### Risk and Compliance

The Bank has continued to increase Group wide capability in the management of financial and non-financial risks, including:

- Strengthening the Bank's operating model and processes for monitoring, managing, reporting and controlling financial crime across all of its operations, including upgrading technology, uplifting capabilities, and how the Bank engages with and informs AUSTRAC and other regulators;
- Upgrading processes and systems for additional functionality, automation of controls, protecting against privacy breaches, and ensuring compliance with regulations including Open Banking, NZ's Banking Standard 11, Basel III capital reforms and various Markets related regulatory reform requirements such as the Fundamental Review of the Trading Book; and
- Enhancing Customer Risk Assessment capability and strengthening data controls and processes.

### Infrastructure and Branch Refurbishment

The Bank has continued to invest in the following:

- Protecting customers and the Bank against cyber security risks and data breaches;
- Improving the resilience and simplicity of the Bank's IT infrastructure and data centres;
- Retail branch design, refurbishment and technology upgrades to reflect evolving changes in customer preferences; and
- Refurbishment of commercial office spaces including the replacement of existing offices as the leases expire.

## Group Performance Analysis (continued)

### Capitalised Software

	Full Year Ended			Half Year Ended		
	30 Jun 23	30 Jun 22	Jun 23 vs Jun 22 %	30 Jun 23	31 Dec 22	Jun 23 vs Dec 22 %
	\$M	\$M		\$M	\$M	
Opening Balance	1,409	1,427	(1)	1,643	1,409	17
Additions	898	743	21	481	417	15
Amortisation and write-offs	(395)	(761)	(48)	(212)	(183)	16
<b>Closing balance</b>	<b>1,912</b>	<b>1,409</b>	<b>36</b>	<b>1,912</b>	<b>1,643</b>	<b>16</b>

#### Year Ended June 2023 versus June 2022

Capitalised software balance increased \$503 million or 36% on the prior year to \$1,912 million.

**Additions** increased by \$155 million or 21% to \$898 million, due to higher capitalised investment spend, reflecting increased productivity and growth and IT infrastructure related spend as the Bank continues to enhance its product offering and customer experiences, strengthen its digital capabilities, modernise and uplift its technology platforms and innovate for future growth.

**Amortisation and write-offs** decreased by \$366 million to \$395 million, mainly driven by the non-recurrence of accelerated amortisation of \$389 million in the prior year.

#### Half Year Ended June 2023 versus December 2022

Capitalised software balance increased \$269 million or 16% on the prior half.

**Additions** increased by \$64 million to \$481 million, as the Bank continues to invest in productivity and growth and IT infrastructure related initiatives.

**Amortisation and write-offs** increased by \$29 million to \$212 million, mainly driven by higher capitalised software balances.

# Group Performance Analysis (continued)

## Loan Impairment Expense (continuing operations basis)

	Full Year Ended <sup>1</sup>			Half Year Ended		
	30 Jun 23	30 Jun 22	Jun 23 vs	30 Jun 23	31 Dec 22	Jun 23 vs
	\$M	\$M	Jun 22 %	\$M	\$M	Dec 22 %
Retail Banking Services	583	(406)	large	346	237	46
Business Banking	496	115	large	233	263	(11)
Institutional Banking and Markets	(36)	(111)	68	3	(39)	large
New Zealand	59	37	59	14	45	(69)
Corporate Centre and Other	6	8	(25)	1	5	(80)
<b>Loan impairment expense/(benefit)</b>	<b>1,108</b>	<b>(357)</b>	<b>large</b>	<b>597</b>	<b>511</b>	<b>17</b>

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

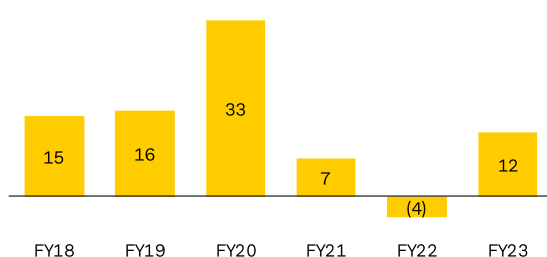
### Year Ended June 2023 versus June 2022

Loan impairment expense was \$1,108 million, an increase of \$1,465 million on the prior year. This was driven by:

- An increase in Retail Banking Services of \$989 million to \$583 million, mainly driven by higher collective provision charges reflecting cost of living pressures, rising interest rates, decline in house prices, as well as the non-recurrence of COVID-19 collective provision releases in the prior year;
- An increase in Business Banking of \$381 million to \$496 million, driven by higher individual and collective provision charges reflecting the impact of rising interest rates and inflationary pressures on a number of industries of concern, including those exposed to consumer discretionary spend and the Construction sector, as well as the non-recurrence of COVID-19 collective provision releases in the prior year;
- An increase in Institutional Banking and Markets of \$75 million to a benefit of \$36 million, primarily driven by higher collective provision releases in the prior year related to the aviation sector;
- An increase in New Zealand of \$22 million to \$59 million, mainly driven by higher collective and individually assessed provision charges reflecting the impact of rising interest rates, inflationary pressures and a decline in house prices; and
- Corporate Centre and Other impairment expense of \$6 million is broadly flat on the prior year.

Loan impairment expense as a percentage of average gross loans and acceptances (GLAAs) increased 16 basis points to 12 basis points.

Full Year Loan Impairment Expense as a percentage of average GLAA (bpts)



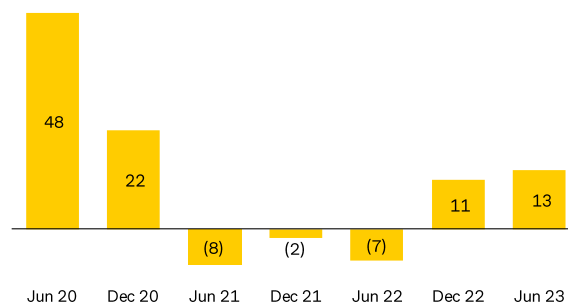
### Half Year Ended June 2023 versus December 2022

Loan impairment expense was \$597 million, an increase of \$86 million on the prior half. This was driven by:

- An increase in Retail Banking Services of \$109 million to \$346 million, driven by higher collective provision charges reflecting cost of living pressures and rising interest rates, and higher write-offs in Consumer Finance; and
- An increase in Institutional Banking and Markets of \$42 million to \$3 million, driven by higher collective provision releases related to a number of industry sectors in the prior half; partly offset by
- A decrease in New Zealand of \$31 million to \$14 million, driven by lower collective provisions reflecting improved outlook for unemployment and house prices compared to the prior half, partly offset by higher individually assessed provision charges in the business portfolios;
- A decrease in Business Banking of \$30 million to \$233 million, driven by higher collective provision charges in the prior half from forward-looking adjustments relating to industries of concern; and
- A decrease in Corporate Centre and Other of \$4 million to an expense of \$1 million, mainly driven by lower individually assessed provision charges in PTBC.

Loan impairment expense annualised as a percentage of average gross loans and acceptances (GLAAs) increased 2 basis points to 13 basis points.

Half Year Loan Impairment Expense annualised as a percentage of average GLAA (bpts)



## Group Performance Analysis (continued)

### Taxation Expense (continuing operations basis)

	Full Year Ended			Half Year Ended		
	30 Jun 23	30 Jun 22	Jun 23 vs Jun 22 %	30 Jun 23	31 Dec 22	Jun 23 vs Dec 22 %
	\$M	\$M		\$M	\$M	
Corporate tax expense (\$M)	<b>4,107</b>	4,023	2	<b>1,951</b>	2,156	(10)
Effective tax rate - "cash basis" (%)	<b>28.8</b>	29.5	(70)bpts	<b>28.0</b>	29.5	(150)bpts

#### Year Ended June 2023 versus June 2022

Corporate tax expense was \$4,107 million, an increase of \$84 million or 2% on the prior year, reflecting a 28.8% effective tax rate.

The rate is below the Australian company tax rate of 30% primarily as a result of the profit earned by the offshore jurisdictions that have lower corporate tax rates, and profits from associates which are reflected on an after tax basis.

The 70 basis point decrease in effective tax rate from 29.5% to 28.8% was primarily due to a one-off impact from the finalisation of prior year tax matters.

#### Half Year Ended June 2023 versus December 2022

Corporate tax expense was \$1,951 million, a decrease of \$205 million or 10% on the prior half, reflecting a 28.0% effective tax rate.

The 150 basis point decrease in effective tax rate from 29.5% to 28.0% was primarily due to a one-off impact from the finalisation of prior year tax matters.

# Group Performance Analysis (continued)

## Group Assets and Liabilities

	As at				
	30 Jun 23 \$M	31 Dec 22 \$M	30 Jun 22 \$M	Jun 23 vs Dec 22 %	Jun 23 vs Jun 22 %
<b>Total Group Assets and Liabilities</b>					
<b>Interest earning assets</b>					
Home loans <sup>1</sup>	652,218	639,326	621,993	2	5
Consumer finance	17,042	16,974	16,494	–	3
Business and corporate loans	261,512	254,242	244,380	3	7
<b>Loans and other receivables <sup>2</sup></b>	<b>930,772</b>	<b>910,542</b>	<b>882,867</b>	<b>2</b>	<b>5</b>
Non-lending interest earning assets <sup>3</sup>	272,007	267,103	269,827	2	1
<b>Total interest earning assets</b>	<b>1,202,779</b>	<b>1,177,645</b>	<b>1,152,694</b>	<b>2</b>	<b>4</b>
Other assets <sup>2</sup>	50,061	54,788	61,244	(9)	(18)
Assets held for sale <sup>4</sup>	5	3	1,322	67	(large)
<b>Total assets</b>	<b>1,252,845</b>	<b>1,232,436</b>	<b>1,215,260</b>	<b>2</b>	<b>3</b>
<b>Interest bearing liabilities</b>					
Transaction deposits <sup>5</sup>	196,617	193,500	188,917	2	4
Savings deposits <sup>5</sup>	276,518	266,765	275,997	4	–
Investment deposits	225,502	206,893	169,401	9	33
Other demand deposits <sup>3</sup>	79,328	79,973	79,513	(1)	–
<b>Total interest bearing deposits</b>	<b>777,965</b>	<b>747,131</b>	<b>713,828</b>	<b>4</b>	<b>9</b>
Debt issues	122,267	118,843	116,902	3	5
Term funding from central banks <sup>6</sup>	54,220	56,011	54,807	(3)	(1)
Other interest bearing liabilities	64,640	58,588	64,251	10	1
<b>Total interest bearing liabilities</b>	<b>1,019,092</b>	<b>980,573</b>	<b>949,788</b>	<b>4</b>	<b>7</b>
Non-interest bearing transaction deposits	118,475	130,542	142,103	(9)	(17)
Other non-interest bearing liabilities	43,273	48,778	49,348	(11)	(12)
Liabilities held for sale <sup>4</sup>	–	–	1,183	–	(large)
<b>Total liabilities</b>	<b>1,180,840</b>	<b>1,159,893</b>	<b>1,142,422</b>	<b>2</b>	<b>3</b>

1 Home loans are presented gross of \$69,136 million of mortgage offset balances (31 December 2022: \$70,190 million; 30 June 2022: \$64,998 million). These balances are required to be grossed up under accounting standards, but are netted down for the calculation of customer interest payments.

2 Loans and other receivables exclude provisions for impairment which are included in other assets.

3 Non-lending interest earning assets include reverse sale and repurchase agreements carried at fair value through Income Statement. Other demand deposits include sale and repurchase agreements carried at fair value through Income Statement.

4 On 30 September 2022, CBA completed the sale of its Australian general insurance business (Commlnsure General Insurance) to Hollard Group. The assets and liabilities held for sale in relation to this business have therefore been deconsolidated during the six months ended 31 December 2022, resulting in a decrease in the assets held for sale of \$1,311 million and a decrease in the liabilities held for sale of \$1,183 million.

5 Transaction and savings deposits includes \$69,136 million of mortgage offset balances (31 December 2022: \$70,190 million; 30 June 2022: \$64,998 million).

6 Term funding from central banks includes the drawn balances of the RBA Term Funding Facility and the RBNZ Funding for Lending Programme and Term Lending Facility.

### Year Ended June 2023 versus June 2022

Total assets were \$1,253 billion, an increase of \$38 billion or 3% on the prior year, driven by an increase in home loans, business and corporate loans, non-lending interest earning assets and consumer finance balances, partly offset by lower other assets and assets held for sale.

Total liabilities were \$1,181 billion, an increase of \$38 billion or 3% on the prior year, driven by an increase in deposits, debt issues and other interest bearing liabilities, partly offset by a decrease in other non-interest bearing liabilities, liabilities held for sale and term funding from central banks.

The Bank continued to fund a significant portion of lending growth from customer deposits. Customer deposits represented 75% of total funding (30 June 2022: 74%).

### Home loans

Home loan balances increased \$30 billion to \$652 billion, a 5% increase on the prior year. Growth was driven by Retail Banking Services, Business Banking and New Zealand (excluding the impact of FX). Domestic home loan growth was 5% (in line with system). Proprietary mix for CBA and Unloan branded home loans remained flat at 59% of new business flows.

Australian home loans amount to \$584 billion (30 June 2022: \$556 billion) of which 71% were owner occupied, 28% were investment home loans and 1% were lines of credit (30 June 2022: 71% were owner occupied, 28% were investment home loans and 1% were lines of credit).



# Group Performance Analysis (continued)

## Group Assets and Liabilities (continued)

### Consumer Finance

Consumer finance balances increased \$1 billion to \$17 billion, a 3% increase on the prior year (while system declined). The increase was driven by growth in personal loans from higher new business volumes, and increased credit card accounts and spend.

### Business and corporate loans

Business and corporate loans increased \$17 billion to \$262 billion, a 7% increase on the prior year. This was driven by a \$14 billion or 12% increase in Business Banking (above system) reflecting diversified lending across a number of industries. Institutional lending balances increased \$1 billion or 1% primarily due to an increase in pooled facilities and growth in the real estate and commodities financing portfolios. New Zealand business and rural lending increased \$2 billion or 5% (excluding the impact of FX).

Domestic business lending (excluding institutional lending) increased 11% (above system).

### Non-lending interest earning assets

Non-lending interest earning assets increased \$2 billion to \$272 billion, a 1% increase on the prior year. This was mainly driven by an increase in Government securities holdings and reverse sale and repurchase agreements in Markets.

### Other assets

Other assets, including derivative assets, property, plant and equipment and intangibles, decreased \$11 billion to \$50 billion, an 18% decrease on the prior year, mainly driven by a reduction in derivative assets due to movements in foreign currency and interest rates.

### Total Interest bearing deposits

Total interest bearing deposits increased \$64 billion to \$778 billion, a 9% increase on the prior year. Growth was driven by a \$56 billion or 33% increase in investment deposits and a \$1 billion increase in savings deposits, reflecting greater demand for higher yielding deposits. Transactions deposits increased \$8 billion or 4% on the prior year, reflecting growth in mortgage offset balances and pooled facilities.

Domestic household deposits grew at 5% (below system).

### Debt issues

Debt issues increased \$5 billion to \$122 billion, a 5% increase on the prior year.

Deposits satisfied the majority of the Bank's funding requirements, however the Group continued to regularly access both domestic and international wholesale debt markets.

Refer to pages 35-36 for further information on debt programs and issuance for the year ended 30 June 2023.

### Term funding from central banks

Term funding from central banks includes the drawn balance of the RBA Term Funding Facility and the RBNZ Funding for Lending Programme and Term Lending Facility. Term funding from central banks decreased \$1 billion to \$54 billion, a 1% decrease on the prior year, as the initial drawdowns on the RBA Term Funding Facility matured and were repaid.

### Other interest bearing liabilities

Other interest bearing liabilities, including loan capital, liabilities at fair value through income statement and amounts due to other financial institutions, increased to \$65 billion, a 1% increase on the prior year. The increase was mainly driven by the issuance of additional Tier 2 Capital instruments, PERLS XV and PERLS XVI, partly offset by the maturity of PERLS VII and lower collateral balances from other financial institutions.

### Non-interest bearing transaction deposits

Non-interest bearing transaction deposits decreased \$24 billion to \$118 billion, a 17% decrease on the prior year. The decrease was driven by customer switching to higher yielding deposits.

### Other non-interest bearing liabilities

Other non-interest bearing liabilities, including derivative liabilities, decreased \$6 billion to \$43 billion, a 12% decrease on the prior year. The decrease was mainly driven by lower derivative liabilities due to movements in foreign currency and interest rates, partly offset by higher accrued interest.



# Group Performance Analysis (continued)

## Group Assets and Liabilities (continued)

### Half Year Ended June 2023 versus December 2022

Total assets increased \$20 billion or 2% on the prior half, mainly driven by growth in home loans, business and corporate loans and non-lending interest earning assets, partly offset by lower other assets.

Total liabilities increased \$21 billion or 2% on the prior half, reflecting growth in deposits, other interest bearing liabilities and debt issues, partly offset by lower other non-interest bearing liabilities and term funding from central banks.

Customer deposits represented 75% of total funding (31 December 2022: 75%).

### Home loans

Home loan balances increased \$13 billion or 2% on the prior half, driven by growth in Retail Banking Services, Business Banking and New Zealand (excluding the impact of FX). Domestic home loan growth was 2% (in line with system). Proprietary mix for CBA and Unloan branded home loans increased from 58% to 61% of new business flows.

### Consumer finance

Consumer finance balances remained flat on the prior half (while system declined).

### Business and corporate loans

Business and corporate loans increased \$7 billion or 3% on the prior half, driven by an \$8 billion or 6% growth in Business Banking (above system) reflecting diversified lending across a number of industries. Institutional lending balances decreased \$1 billion or 2% mainly driven by lower balances in the corporate lending and commodities financing portfolios. New Zealand business and rural lending increased \$1 billion or 4% (excluding the impact of FX).

Domestic business lending (excluding institutional lending) increased 6% (above system).

### Non-lending interest earning assets

Non-lending interest earning assets increased \$5 billion or 2% on the prior half. This was mainly driven by an increase in reverse sale and repurchase agreements in Markets and Government securities holdings.

### Other assets

Other assets, including derivative assets, property, plant and equipment and intangibles, decreased \$5 billion or 9% on the prior half mainly driven by a reduction in derivatives assets due to movements in foreign currency and interest rates.

### Total interest bearing deposits

Total interest bearing deposits increased \$31 billion or 4% on the prior half. Growth was driven by a \$19 billion or 9% increase in investment deposits and a \$10 billion or 4% increase in savings deposits, reflecting greater demand for higher yielding deposits. Transaction deposits increased \$3 billion or 2%, driven by growth in pooled facilities. Other demand deposits decreased \$1 billion or 1%, due to lower certificates of deposit. Domestic household deposits grew at 2% (in line with system).

### Debt issues

Debt issues increased \$3 billion or 3% on the prior half.

Refer to pages 35-36 for further information on debt programs and issuance for the half year ended 30 June 2023.

### Term funding from central banks

Term funding from central banks decreased \$2 billion or 3% on the prior half, as the initial drawdowns on the RBA Term Funding Facility matured and were repaid.

### Other interest bearing liabilities

Other interest bearing liabilities, including loan capital, liabilities at fair value through income statement and amounts due to other financial institutions, increased \$6 billion or 10% on the prior half. The increase was primarily driven by the issuance of additional Tier 2 Capital instruments and PERLS XVI, and higher balances due to other financial institutions.

### Non-interest bearing transaction deposits

Non-interest bearing transaction deposits decreased \$12 billion or 9% on the prior half. The decline was driven by customer switching to higher yielding deposits.

### Other non-interest bearing liabilities

Other non-interest bearing liabilities, including derivative liabilities, decreased \$6 billion or 11% on the prior half. The decrease was mainly driven by lower derivative liabilities due to movements in foreign currency and interest rates, partly offset by higher accrued interest.

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# **Group Operations & Business Settings**

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# Contents

## 4. Group Operations & Business Settings

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Loan Impairment Provisions and Credit Quality	26
Capital	30
Leverage Ratio	33
Dividends	33
Liquidity	34
Funding	35
Net Stable Funding Ratio (NSFR)	37

# Group Operations and Business Settings

## Loan Impairment Provisions and Credit Quality

### Provisions for Impairment

	As at				
	30 Jun 23	31 Dec 22	30 Jun 22	Jun 23 vs Dec 22 %	Jun 23 vs Jun 22 %
	\$M	\$M	\$M		
<b>Provisions for impairment losses</b>					
Collective provisions	5,196	4,900	4,611	6	13
Individually assessed provisions	754	641	736	18	2
<b>Total provisions for impairment losses</b>	<b>5,950</b>	<b>5,541</b>	<b>5,347</b>	<b>7</b>	<b>11</b>
Less: Provisions for off Balance Sheet exposures	(159)	(137)	(117)	16	36
<b>Total provisions for loan impairment</b>	<b>5,791</b>	<b>5,404</b>	<b>5,230</b>	<b>7</b>	<b>11</b>

### Year Ended June 2023 versus June 2022

Total provisions for impairment losses as at 30 June 2023 were \$5,950 million, an increase of \$603 million or 11% on the prior year.

#### Collective provisions

- Consumer collective provisions increased \$507 million or 21% to \$2,924 million. This mainly reflects ongoing cost of living pressures, rising interest rates and a decline in house prices.
- Corporate collective provisions increased \$78 million or 4% to \$2,272 million. This mainly reflects the impact on corporate profits of ongoing inflationary pressures and rising interest rates, and an expected reduction in consumer discretionary spend.

#### Individually assessed provisions

- Corporate individually assessed provisions increased \$31 million or 5% to \$643 million. This reflects impairment of a number of exposures across various sectors, in particular construction, partly offset by write-offs and write-backs.
- Consumer individually assessed provisions decreased \$13 million or 10% to \$111 million. This was mainly driven by the continuation of low levels of arrears in the Australian home lending portfolio.

### Half Year Ended June 2023 versus December 2022

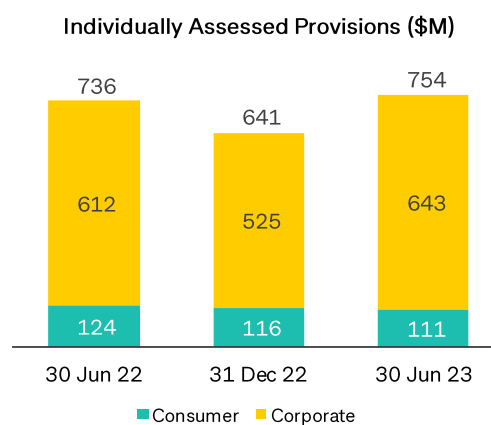
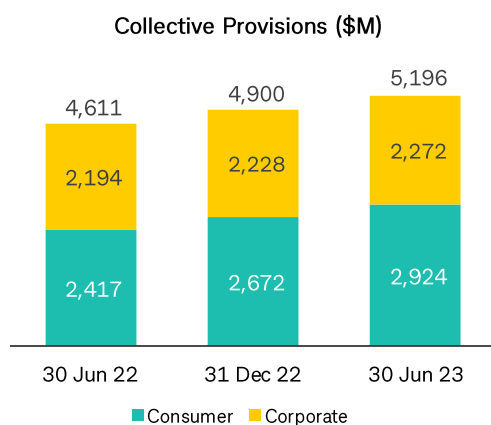
Total provisions for impairment losses increased \$409 million or 7% on the prior half.

#### Collective provisions

- Consumer collective provisions increased \$252 million or 9%. This mainly reflects ongoing cost of living pressures and rising interest rates.
- Corporate collective provisions increased \$44 million or 2%. This mainly reflects the impact on corporate profits of ongoing inflationary pressures and rising interest rates, and an expected reduction in consumer discretionary spend.

#### Individually assessed provisions

- Corporate individually assessed provisions increased \$118 million or 22%. This was mainly driven by impairment of a small number of exposures across various industry sectors, in particular construction.
- Consumer individually assessed provisions decreased \$5 million or 4%, reflecting the continuation of low levels of arrears in the Australian home lending portfolio.



# Group Operations and Business Settings (continued)

## Loan Impairment Provisions and Credit Quality (continued)

### Credit Quality

Credit Quality Metrics	Full Year Ended			Half Year Ended		
	30 Jun 23	30 Jun 22	Jun 23 vs Jun 22 %	30 Jun 23	31 Dec 22	Jun 23 vs Dec 22 %
Gross loans and acceptances (GLAA) (\$M)	933,251	884,963	5	933,251	912,835	2
Risk weighted assets (RWA) (\$M)	467,992	497,892	(6)	467,992	504,380	(7)
Credit RWA (\$M)	362,869	393,647	(8)	362,869	402,017	(10)
Gross impaired assets (\$M)	3,326	2,951	13	3,326	3,036	10
Net impaired assets (\$M)	2,219	1,928	15	2,219	2,084	6
<b>Provision Ratios</b>						
Collective provisions as a % of credit RWA <sup>1</sup>	1.43	1.17	26 bpts	1.43	1.22	21 bpts
Total provisions as a % of credit RWA <sup>1</sup>	1.64	1.36	28 bpts	1.64	1.38	26 bpts
Total provisions for impaired assets as a % of gross impaired assets	33.28	34.67	(139)bpts	33.28	31.36	192 bpts
Total provisions for impaired assets as a % of gross impaired assets (corporate)	54.89	58.80	(391)bpts	54.89	51.42	347 bpts
Total provisions for impaired assets as a % of gross impaired assets (consumer)	19.28	20.74	(146)bpts	19.28	18.87	41 bpts
Total provisions for impairment losses as a % of GLAAs	0.64	0.60	4 bpts	0.64	0.61	3 bpts
<b>Asset Quality Ratios</b>						
Gross impaired assets as a % of GLAAs	0.36	0.33	3 bpts	0.36	0.33	3 bpts
Loans 90+ days past due but not impaired as a % of GLAAs	0.33	0.35	(2)bpts	0.33	0.30	3 bpts
Loan impairment expense annualised as a % of average GLAAs	0.12	(0.04)	16 bpts	0.13	0.11	2 bpts
Net write-offs annualised as a % of GLAAs	0.06	0.07	(1)bpt	0.05	0.08	(3)bpts
Non-retail total committed exposures rated investment grade (%) <sup>2</sup>	69.27	69.70	(43)bpts	69.27	71.03	(176)bpts
<b>Australian Home Loan Portfolio</b>						
Portfolio dynamic LVR (%) <sup>3</sup>	44.86	44.02	84 bpts	44.86	44.26	60 bpts
Customers in advance (%) <sup>4</sup>	77.95	77.95	-	77.95	77.63	32 bpts

<sup>1</sup> 30 June 2023 ratios are prepared in accordance with APRA's revised capital framework effective from 1 January 2023. Prior period ratios are prepared in accordance with the previous APRA framework that was effective up until 31 December 2022.

<sup>2</sup> Investment grades based on CBA grade in S&P equivalent.

<sup>3</sup> Loan to value ratio (LVR) defined as current balance as a percentage of the current valuation on Australian home loan portfolio.

<sup>4</sup> Any amount ahead of monthly minimum repayment (including offset facilities).

### Provision Ratios and Impaired Assets

As at 30 June 2023, total provisions as a proportion of credit RWA increased 26 basis points on the prior half to 1.64%. This was driven by lower credit RWAs following the implementation of APRA's revised capital framework from 1 January 2023 (12 basis points), and higher collective and individual provisions reflecting ongoing inflationary pressures and rising interest rates.

Gross impaired assets were \$3,326 million, an increase of \$290 million or 10% on the prior half, mainly driven by higher corporate impaired assets and increased restructures within the New Zealand home lending portfolio. Gross impaired assets as a proportion of GLAAs were 0.36%, an increase of 3 basis points on the prior half.

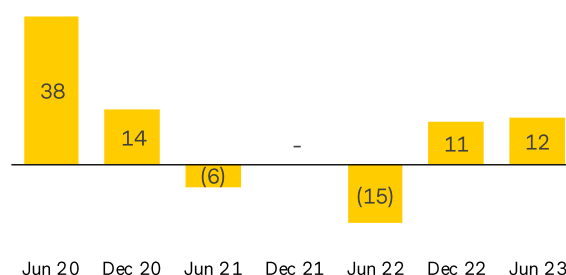
Provision coverage for the impaired asset portfolio was 33.28%, an increase of 192 basis points on the prior half, reflecting increased individual provisions.

### Retail Portfolio Asset Quality

Consumer loan impairment expense (LIE) as a percentage of average gross loans and acceptances was 12 basis points, an increase of 1 basis point on the prior half, mainly driven by increased collective provisions reflecting ongoing cost of living pressures and rising interest rates.

#### Consumer LIE

#### Half Year Loan impairment expense annualised as percentage of average GLAAs (bpts)



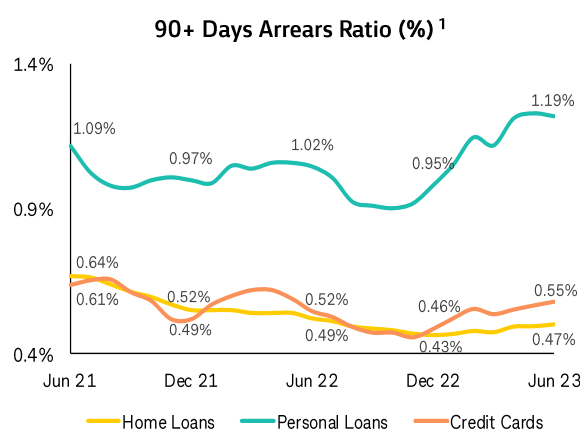
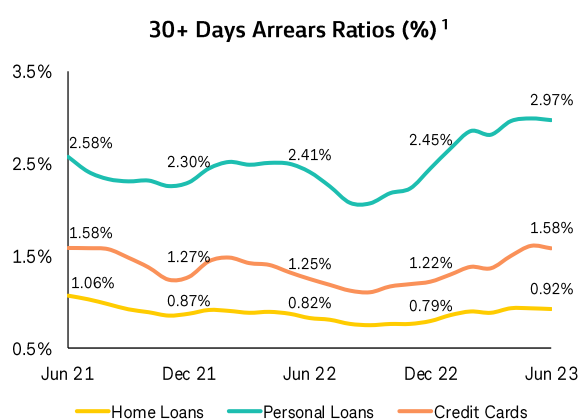
# Group Operations and Business Settings (continued)

## Loan Impairment Provisions and Credit Quality (continued)

### Retail Portfolio Asset Quality (continued)

Home loan 90+ days arrears were 0.47%, an increase of 4 basis points on the prior half, mainly driven by increases in ASB reflecting cost of living pressures, while the domestic portfolio remained relatively stable supported by low levels of unemployment and stability in savings buffers. Credit cards and personal loans 90+ days arrears were 0.55% and 1.19% respectively, an increase of 9 basis points and 24 basis points on the prior half, reflecting increased cost of living pressures and a seasonal increase following the December holiday period.

The home loan dynamic LVR was 44.86%, an increase of 60 basis points on the prior half. The home lending book remains well secured and the majority of home lending customers remain in advance of scheduled repayments.



<sup>1</sup> Includes retail portfolios of Retail Banking Services, Business Banking and New Zealand.

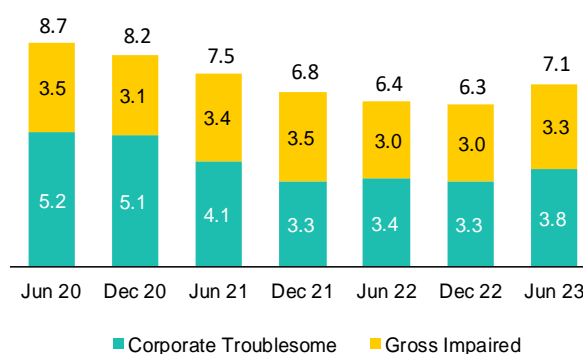
### Corporate Portfolio Asset Quality

Corporate troublesome exposures were \$3.8 billion, an increase of \$0.5 billion on the prior half mainly driven by downgrades across various sectors.

Investment grade rated exposures reduced 176 basis points on the prior half to 69.27% of overall portfolio risk graded counterparties, mainly reflecting a reduction in the proportion of exposures in the Government, Administration & Defence sector as the Group diversifies its lending exposures across multiple industry sectors. The Group has also experienced downgrades across a number of sectors.

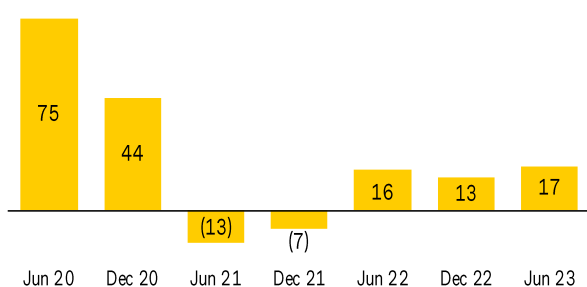
Corporate LIE as a percentage of average gross loans and acceptances was 17 basis points, an increase of 4 basis points on the prior half, reflecting increased provisions for risks associated with ongoing inflationary pressures and rising interest rates.

### Troublesome and Impaired Assets (\$B)



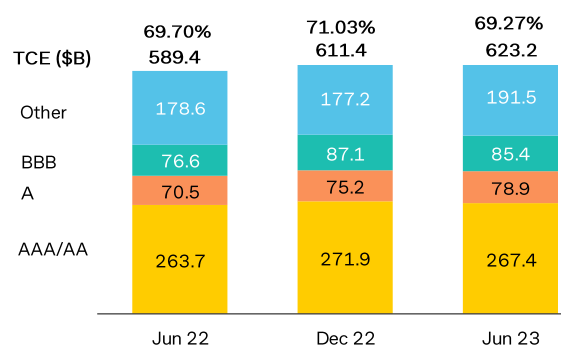
### Corporate LIE

Half Year Loan impairment expense  
annualised as percentage of average GLAA (bpts)



### Corporate Portfolio Quality

% of book rated investment grade<sup>1</sup>



<sup>1</sup> CBA grades in S&P equivalents.



# Group Operations and Business Settings (continued)

## Loan Impairment Provisions and Credit Quality (continued)

### Industry Exposure and Asset Quality

The distribution of the Bank's credit exposures by sector remained relatively consistent during the half. The largest movement was a decrease of 50 basis points in the Government, Administration & Defence sector, from 17.0% to 16.5% of the Bank's total committed exposures, driven by both an increase in industry diversification across the portfolios and a reduction in central bank cash holdings as part of the Bank's ongoing liquidity management activities.

Movements in troublesome and impaired assets (TIA) were mixed across sectors, as total TIA increased \$824 million on the prior half to \$7,099 million.

TIA as a percentage of total committed exposures (TCE) was 0.51%, an increase of 5 basis points on the prior half.

The increase in TIA % of TCE over the half is concentrated in:

- Construction (up 147 basis points) due to the impact of inflationary pressures and rising interest rates, particularly on those exposed to margin pressure from fixed price contracts;
- Retail Trade (up 83 basis points) due to increased interest rates and cost of living pressures impacting consumer discretionary spending; and
- Commercial Property (up 19 basis points) due to increased interest rates and vacancy rates, particularly in lower quality office properties.

A number of sectors have been influenced by a small number of client downgrades over the half, including Media & Communications (up 81 basis points) and Electricity, Water & Gas (up 78 basis points), which reflect business-specific issues rather than systematic sector risks.

These increases were partly offset by improvements in Transport & Storage (down 45 basis points), Entertainment, Leisure & Tourism (down 39 basis points), Personal & Other Services (down 34 basis points) and Health & Community Services (down 30 basis points), mainly driven by client upgrades.

Management is closely monitoring sectors of concern, including Construction, Commercial Property, Retail Trade and Entertainment, Leisure & Tourism.

Sector	Total Committed Exposures (TCE)		Troublesome and Impaired Assets (TIA)		TIA % of TCE	
	30 Jun 23	31 Dec 22	30 Jun 23	31 Dec 22	30 Jun 23	31 Dec 22
	%	%	\$M	\$M	%	%
Consumer	55.5	55.6	2,018	1,882	0.26	0.25
Government, Admin. & Defence	16.5	17.0	–	–	–	–
Finance & Insurance	7.0	6.8	98	58	0.10	0.06
Commercial Property	6.6	6.5	887	693	0.96	0.77
Agriculture & Forestry	2.1	2.1	637	585	2.13	2.05
Transport & Storage	1.8	1.8	208	327	0.84	1.29
Manufacturing	1.4	1.4	368	298	1.91	1.54
Entertainment, Leisure & Tourism	1.1	1.1	373	404	2.33	2.72
Wholesale Trade	1.1	1.0	394	322	2.48	2.24
Retail Trade	1.1	1.1	410	270	2.66	1.83
Health & Community Services	1.0	1.0	337	350	2.30	2.60
Business Services	1.0	1.0	237	254	1.62	1.77
Electricity, Water & Gas	1.0	0.9	118	10	0.86	0.08
Construction	0.8	0.9	649	476	5.50	4.03
Mining, Oil & Gas	0.5	0.5	63	56	0.86	0.75
Media & Communications	0.4	0.4	58	12	1.01	0.20
Education	0.3	0.3	18	15	0.49	0.41
Personal & Other Services	0.2	0.2	33	42	1.00	1.34
Other	0.6	0.4	193	221	3.24	2.37
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>7,099</b>	<b>6,275</b>	<b>0.51</b>	<b>0.46</b>

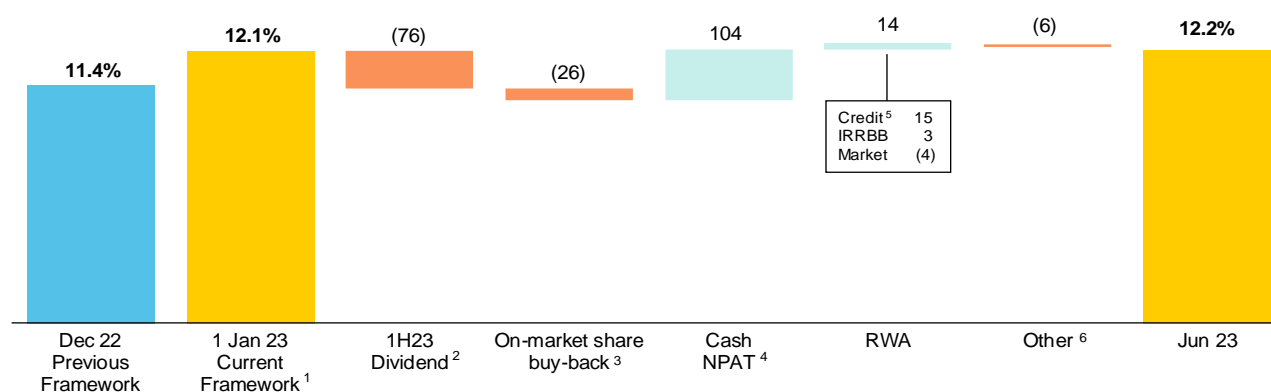
# Group Operations and Business Settings (continued)

## Capital

Summary Group Capital Adequacy Ratios	As at <sup>1</sup>				
	30 Jun 23	31 Dec 22	30 Jun 22	Jun 23 vs Dec 22 %	Jun 23 vs Jun 22 %
Common Equity Tier 1	12.2	11.4	11.5	80 bpts	70 bpts
Additional Tier 1	2.3	1.9	2.1	40 bpts	20 bpts
Tier 1	14.5	13.3	13.6	120 bpts	90 bpts
Tier 2	5.5	4.5	4.0	100 bpts	150 bpts
<b>Total Capital (APRA)</b>	<b>20.0</b>	<b>17.8</b>	<b>17.6</b>	<b>220 bpts</b>	<b>240 bpts</b>

<sup>1</sup> 30 June 2023 ratios are prepared in accordance with APRA's revised capital framework effective from 1 January 2023. 31 December 2022 and 30 June 2022 ratios are prepared in accordance with the previous APRA framework that was effective up until 31 December 2022.

### Capital – CET1 (APRA) +10bpts from 1 January 2023



<sup>1</sup> CET1 ratio under APRA's revised capital framework effective 1 January 2023.

<sup>2</sup> The 2023 interim dividend included the on-market purchase of \$596 million of shares (CET1 impact of 13 bpts) in respect of the Dividend Reinvestment Plan.

<sup>3</sup> As at 30 June 2023, the previously announced \$3 billion on-market share buy-back has been completed, with 30,222,281 shares acquired at an average price of \$99.26. \$1.2 billion of this was completed in 2H23.

<sup>4</sup> Excludes net equity accounted profits/losses from associates as they are capital neutral with offsetting changes in regulatory capital deductions.

<sup>5</sup> Excludes impact of foreign exchange movements which is included in 'Other'.

<sup>6</sup> Includes the impact of intangibles, FX impact on Credit RWA, equity accounted profits/losses from associates, movements in reserves and other regulatory adjustments.

## Capital Position

The Group's CET1 ratio (APRA) was 12.2% as at 30 June 2023, an increase of 10 basis points from 31 December 2022 after allowing for the 70 basis point uplift in the CET1 ratio from the implementation of the new capital framework on 1 January 2023. The CET1 ratio was well above APRA's regulatory requirement at all times throughout the full year ended 30 June 2023.

Excluding the payment of the 1H23 dividend (-76 basis points) and completion of the previously announced \$3 billion on-market share buy-back (-26 basis points), the CET1 ratio increased 112 basis points. Key drivers of the change in CET1 for the 6 months ended 30 June 2023 were:

- Capital generated from earnings (+104 basis points); and
- Lower total RWA (+14 basis points), mainly driven by decreased Credit RWA; partly offset by
- Other regulatory adjustments and movement in reserves (-6 basis points).

Further details on the movements in RWA are provided on page 31.

## Capital Initiatives

In addition to the on-market share buy-back, the following significant capital initiatives were undertaken during the year ended 30 June 2023:

### Common Equity Tier 1 Capital

- The DRP, in respect of both the 2022 final dividend and the 2023 interim dividend, was satisfied in full by the on-market purchase of shares. The participation rate for both was 16.8%.

### Additional Tier 1 Capital

- In November 2022, the Group concurrently issued \$1,777 million of CommBank PERLS XV Capital Notes and redeemed \$1,577 million of CommBank PERLS VII Capital notes, both of which are Basel III compliant Additional Tier 1 Capital;
- In December 2022, the Group redeemed the remaining \$1,423 million of CommBank PERLS VII Capital Notes; and
- In June 2023, the Group issued \$1,550 million of CommBank PERLS XVI Capital Notes that are Basel III compliant Additional Tier 1 Capital.

# Group Operations and Business Settings (continued)

## Capital (continued)

### Tier 2 Capital

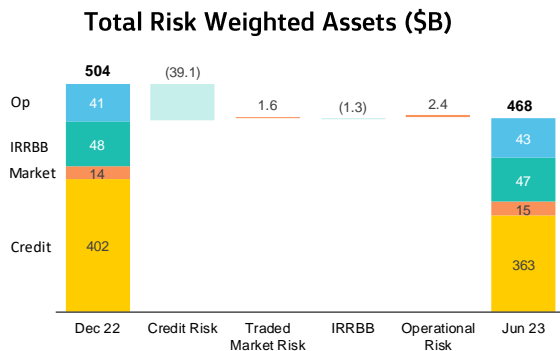
The Group issued the following Basel III compliant subordinated notes:

- HKD400 million and AUD300 million in September 2022;
- JPY20 billion in October 2022;
- Two subordinated notes totalling AUD2,000 million in November 2022;
- AUD1,750 million in March 2023; and
- HKD580 million in April 2023.

### Risk Weighted Assets (RWA)<sup>1</sup>

#### Total Group Risk Weighted Assets

Total RWA decreased \$36.4 billion or 7% on the prior half to \$468.0 billion, mainly driven by lower Credit Risk RWA from the implementation of APRA's revisions to the capital framework on 1 January 2023.

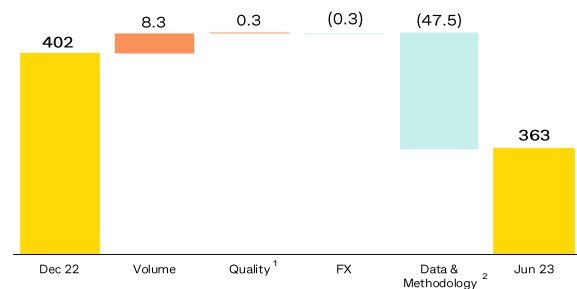


### Credit Risk Weighted Assets

Credit Risk RWA decreased \$39.1 billion or 10% on the prior half to \$362.9 billion. Key drivers include:

- Volume growth (increase of \$8.3 billion) across retail and commercial portfolios and derivatives.
- Credit quality movement (increase of \$0.3 billion) primarily driven by ASB and domestic unsecured retail portfolios, partly offset by improvements in commercial portfolios.
- Foreign currency movements (decrease of \$0.3 billion).
- Data and methodology, including changes in credit risk estimates and regulatory treatments (decrease of \$47.5 billion), primarily driven by the implementation of APRA's revisions to the capital framework on 1 January 2023 as well as the benefit of new capital models approved and implemented in the half, partly offset by data, methodology and other changes.

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



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

<sup>2</sup> Includes APRA's revisions to the capital framework, data and methodology, credit risk estimates changes and regulatory treatments.

### Traded Market Risk Weighted Assets

Traded Market Risk RWA increased \$1.6 billion or 12% on the prior half to \$15.4 billion. This was driven by increased client activity, market volatility from the rising interest rate environment and an associated increase in the APRA Risks-Not-In-VaR (RNIV) overlay.

### Interest Rate Risk Weighted Assets

IRRBB RWA decreased \$1.3 billion or 3% on the prior half to \$46.6 billion. This was primarily driven by lower embedded losses due to lower swap rates.

### Operational Risk Weighted Assets

Operational Risk RWA increased \$2.4 billion or 6% on the prior half to \$43.2 billion. This was driven by the adoption of the standardised measurement approach, as required by APS 115 "Capital Adequacy: Standardised Measurement Approach to Operational Risk" under APRA's revised capital framework.

### Regulatory Framework

APRA has implemented a set of capital, liquidity and funding reforms based on the Basel Committee on Banking Supervision (BCBS) "Basel III" framework.

Prior to 1 January 2023, APRA's prudential standards required a minimum CET1 ratio or Prudential Capital Requirement (PCR) of 4.5%. An additional CET1 capital conservation buffer (CCB) of 3.5%, inclusive of a Domestic Systemically Important Bank (D-SIB) requirement of 1% and a countercyclical capital buffer (CCyB)<sup>1</sup> of 0%, brought the minimum CET1 ratio requirement to 8%. The minimum Tier 1 and Total Capital ratio requirements were 9.5% and 13% respectively.

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

From 1 January 2023, APRA implemented its revisions to the ADI capital framework. The objectives of these revisions are to increase the risk sensitivity within the capital framework, to enhance the ability of ADIs to respond flexibly to future stress events, and to improve the comparability of the Australian framework with international standards.

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

<sup>1</sup> APRA announced that the CCyB for Australian exposures was 0% prior to 1 January 2023, based on its assessment of systemic risk in the banking sector. This subsequently increased to 1% under the revised capital framework.

# Group Operations and Business Settings (continued)

## Capital (continued)

### Regulatory Framework (continued)

APRA's revisions include the following changes with respect to Internal Ratings-based (IRB) ADIs such as CBA:

- A minimum CET1 Capital Ratio of 10.25%, which is comprised of a minimum PCR of 4.5% and a CCB of 5.75%, which includes a D-SIB buffer of 1% and a baseline CCyB set at 1%. The CCyB, which may be varied by APRA in the range of 0-350 basis points, can be released in times of systemic stress and post-stress recovery;
- Enhancing risk sensitivity in the residential mortgage and commercial property portfolio, through greater allowance of an ADI's own models to measure credit risk capital, and higher capital requirements for high-risk segments such as interest only and investor mortgages;
- Replacing the operational risk advanced measurement approach (AMA) with a standardised approach across the industry;
- Implementing a 72.5% output floor to limit the gap in capital requirements between standardised and IRB ADIs; and
- Further aligning the RWA of New Zealand banking subsidiaries at the consolidated group level by adopting a revised version of the RBNZ capital framework.

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

The Tier 1 and Total Capital ratio requirements are 11.75% and 13.75% respectively. From 1 January 2024, D-SIBs, including CBA, will be required to hold additional Total Capital to satisfy APRA's loss-absorbing capacity requirements, bringing the Total Capital ratio requirement to 16.75%. From 1 January 2026, this requirement will increase again to 18.25%.

## Regulatory Developments

### IRRBB Consultation

APRA is currently consulting the industry on proposed changes to APS 117 "Capital Adequacy: Interest Rate Risk in the Banking Book" which sets out the requirements that an ADI must meet in managing its Interest Rate Risk in the Banking Book. The changes are expected to be implemented in 2025.

### Traded Market Risk and Counterparty Credit Risk

APRA is yet to commence consultation on revisions to APS 116 "Capital Adequacy: Market Risk", and APS 180 "Capital Adequacy: Counterparty Credit Risk". Consultation is expected to commence in 2024 with revisions to both standards expected to be implemented in 2026.

### New Zealand bank capital adequacy requirements

In June 2021, the Reserve Bank of New Zealand (RBNZ) finalised its bank capital adequacy requirements. These requirements include the RWA of New Zealand IRB banks, such as ASB Bank Limited, increasing to approximately 90% of that required under a standardised approach. In addition, for those banks deemed systemically important, including ASB, the Tier 1 capital requirement will increase to 16% of RWA, of which 13.5% must be in the form of CET1 capital. Tier 2 capital will remain in the framework, and can contribute up to 2% of the 18% minimum Total Capital ratio.

These reforms have been phased in from 1 October 2021 with full implementation on 1 July 2028.

### Resolution Planning

On 18 May 2023, APRA released its final Prudential Standard CPS 900 "Resolution Planning", which aims to ensure that an APRA-regulated entity can be managed by APRA in an orderly manner where that entity is unable to, or is likely to be unable to, meet its obligations or suspends, or is likely to suspend, payments. In such circumstances, the aim of the resolution is to protect beneficiaries, minimise disruption to the financial system and provide continuity of functions that are critical for the economy. CPS 900 will come into effect from 1 January 2024.

### Prudential framework for groups

On 24 October 2022, APRA released a letter to all APRA regulated entities indicating that it is reviewing the prudential framework for groups operating in the Australian banking sector to ensure it caters for the increasing array of new groups and it is consistently applied across different structures. APRA expects to consult on any revisions to the relevant standards over 2023-2024, with implementation of revised standards expected to occur in 2025.

### Recovery and Exit Planning

On 1 December 2022, APRA released its final Prudential Standard CPS 190 "Recovery and Exit Planning", aimed at reinforcing the resilience of the financial system. In particular, the new standard aims to ensure that APRA regulated entities are better prepared to manage periods of severe financial stress. CPS 190 will come into effect from 1 January 2024 for banks.

### Pillar 3 Disclosures

Details on the market disclosures required under Pillar 3, per APRA Prudential Standard APS 330 "Public Disclosure", are provided on the Bank's website at:

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

# Group Operations and Business Settings (continued)

## Leverage Ratio

Summary Group Leverage Ratio	As at <sup>1</sup>				
	30 Jun 23 \$M	31 Dec 22 \$M	30 Jun 22 \$M	Jun 23 vs Dec 22 %	Jun 23 vs Jun 22 %
Tier 1 Capital (\$M)	67,771	66,864	67,558	1	–
Total Exposures (\$M) <sup>2</sup>	1,334,426	1,318,783	1,295,368	1	3
<b>Leverage Ratio (APRA) (%)</b>	<b>5.1</b>	5.1	5.2	–	(10)bpts

- 1 30 June 2023 prepared in accordance with APRA's revised capital framework effective from 1 January 2023. 31 December 2022 and 30 June 2022 are prepared in accordance with the previous APRA framework that was effective up until 31 December 2022.
- 2 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".

The Group's leverage ratio, defined as Tier 1 Capital as a percentage of total exposures, was 5.1% at 30 June 2023. The ratio was flat on the prior half, as the 1% increase in exposures from higher lending volumes was offset by a 1% increase in Tier 1 Capital, from the issuance of PERLS XVI and capital generated from earnings after the payment of the 1H23 dividend and the completion of the on-market share buy-back.

Under APRA's revised capital framework effective 1 January 2023, the minimum leverage ratio requirement for IRB banks, such as CBA, is 3.5%.

## Dividends

### Final dividend for the Year Ended 30 June 2023

The final dividend determined was \$2.40 per share, bringing the total dividend for the year ended 30 June 2023 to \$4.50, an increase of 65 cents compared to the prior full year dividend. The dividend payout ratio ("cash basis") for the full year ended 30 June 2023 was 74% and for the half year ended 30 June 2023 was 80%.

The final dividend will be fully franked and will be paid on or around 28 September 2023 to owners of ordinary shares at the close of business on 17 August 2023 (record date). Shares will be quoted ex-dividend on 16 August 2023.

### Dividend Reinvestment Plan (DRP)

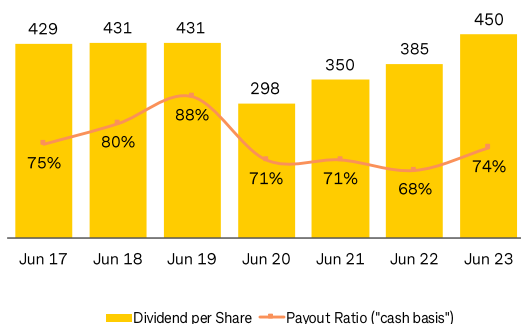
The DRP will continue to be offered to shareholders, and no discount will be applied to shares allocated under the plan for the final dividend. The DRP for the 2023 final dividend is anticipated to be satisfied in full by an on-market purchase of shares.

### Dividend Policy

The Bank will seek to:

- Pay cash dividends at a sustainable level;
- Target a full year payout ratio of 70% to 80%; and
- Maximise the use of its franking account by paying fully franked dividends.

### Full Year Dividend History (cents per share)



# Group Operations and Business Settings (continued)

## Liquidity

Level 2	Quarterly Average Ended <sup>1</sup>				
	30 Jun 23 \$M	31 Dec 22 \$M	30 Jun 22 \$M	Jun 23 vs Dec 22 %	Jun 23 vs Jun 22 %
<b>Liquidity Coverage Ratio (LCR) Liquid Assets</b>					
High Quality Liquid Assets (HQLA) <sup>2</sup>	189,419	185,465	174,138	2	9
Committed Liquidity Facility (CLF) <sup>3</sup>	–	7,500	17,277	(large)	(large)
<b>Total LCR liquid assets</b>	<b>189,419</b>	<b>192,965</b>	<b>191,415</b>	<b>(2)</b>	<b>(1)</b>
<b>Net Cash Outflows (NCO)</b>					
Customer deposits	108,871	111,862	110,616	(3)	(2)
Wholesale funding	17,828	16,178	16,265	10	10
Other net cash outflows <sup>4</sup>	17,958	19,049	20,916	(6)	(14)
<b>Total NCO</b>	<b>144,657</b>	<b>147,089</b>	<b>147,797</b>	<b>(2)</b>	<b>(2)</b>
<b>Liquidity Coverage Ratio (%)</b>	<b>131</b>	<b>131</b>	<b>130</b>	<b>–</b>	<b>100 bpts</b>
<b>LCR surplus</b>	<b>44,762</b>	<b>45,876</b>	<b>43,618</b>	<b>(2)</b>	<b>3</b>

1 The averages presented are calculated as simple averages of daily observations over the quarter. Spot LCR for 30 June 2023 was 128% (31 December 2022: 130%; 30 June 2022: 127%).

2 Includes all repo-eligible securities with the Reserve Bank of New Zealand. The amount of open-repo of Internal Residential Mortgage-Backed Securities and Exchange Settlement Account (ESA) cash balance held by the Reserve Bank of Australia to facilitate intra-day cash flows is shown net.

3 Committed Liquidity Facility (CLF) was phased-out to zero as of 1 January 2023 (Spot CLF for 31 December 2022: \$7.5 billion; 30 June 2022: \$15 billion).

4 Includes cash inflows.

### Liquidity Coverage Ratio (LCR)

The Group holds high quality, well diversified liquid assets to meet Balance Sheet liquidity needs, and regulatory requirements, including APRA's Liquidity Coverage Ratio (LCR). The LCR requires Australian Authorised Deposit-taking Institutions (ADIs) to hold sufficient liquid assets to meet 30 day Net Cash Outflows (NCOs) projected under a prescribed stress scenario. LCR liquid assets consist of High Quality Liquid Assets (HQLA) in the form of cash, deposits with central banks and government securities. Prior to January 2023, HQLA also consisted of other repo-eligible securities with the Reserve Bank of Australia (RBA) under the Committed Liquidity Facility (CLF). In September 2021, APRA announced a sector-wide phased reduction in the reliance on the CLF to zero by the end of calendar year 2022, subject to financial market conditions, as APRA and the RBA expect there will be sufficient HQLA for ADIs to meet their LCR requirements without the need to utilise the CLF. The Group's access to CLF was fully phased-out as of 1 January 2023 (31 December 2022: \$7.5 billion; 30 June 2022: \$15 billion).

The Group's June 2023 quarterly average LCR was 131%, flat compared to the quarterly average ended 31 December 2022, and an increase of 1% from the quarterly average ended 30 June 2022. The LCR remains well above the regulatory minimum of 100%.

Compared to the quarterly average ended 31 December 2022, the Group's LCR liquid assets decreased \$3.5 billion or 2%, primarily driven by the CLF being fully phased-out. 30 day modelled NCOs decreased \$2.4 billion or 2%, due to lower customer deposit NCOs including the impact from strong growth in term deposits.



# Group Operations and Business Settings (continued)

## Funding

	As at				
	30 Jun 23	31 Dec 22	30 Jun 22	Jun 23 vs Dec 22 %	Jun 23 vs Jun 22 %
	\$M	\$M	\$M		
<b>Group Funding</b> <sup>1</sup>					
<b>Customer deposits</b>	<b>818,974</b>	799,608	777,763	2	5
Short-term wholesale funding <sup>2</sup>	<b>71,087</b>	77,709	82,239	(9)	(14)
Long-term wholesale funding - less than or equal to one year residual maturity <sup>3</sup>	<b>67,683</b>	36,941	24,696	83	large
Long-term wholesale funding - more than one year residual maturity <sup>3</sup>	<b>138,409</b>	158,542	161,427	(13)	(14)
IFRS MTM and derivative FX revaluations	<b>(8,828)</b>	(8,334)	(5,684)	6	55
<b>Total wholesale funding</b>	<b>268,351</b>	264,858	262,678	1	2
Short-term collateral deposits <sup>4</sup>	<b>4,871</b>	585	6,316	large	(23)
<b>Total funding</b>	<b>1,092,196</b>	1,065,051	1,046,757	3	4

1 Shareholders' equity is excluded from this view of funding sources.

2 Short-term wholesale funding includes debt with an original maturity or call date of less than or equal to 12 months, and consists of certificates of deposit and bank acceptances, debt issued under the Euro Medium Term Note (EMTN) programme and the domestic, Euro and US commercial paper programmes of Commonwealth Bank of Australia and ASB. Short-term wholesale funding also includes deposits from banks and central banks as well as net securities that are not classified as high quality liquid assets sold or purchased under repurchase agreements.

3 Long-term wholesale funding includes debt with an original maturity or call date of greater than 12 months and the Group's drawn TFF allowance.

4 Short-term collateral deposits includes net collateral received, Vostro balances, and other net repurchase agreements not reported above, including the amount pledged with the Reserve Bank to facilitate intra-day cash flows in the Exchange Settlement Account (ESA).

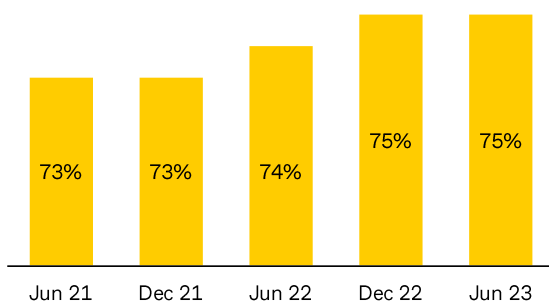
### Customer Deposits

Customer deposits accounted for 75% of total funding at 30 June 2023 (31 December 2022: 75%; 30 June 2022: 74%). The Group satisfied a significant proportion of its funding requirements from retail, business, and institutional customer deposits.

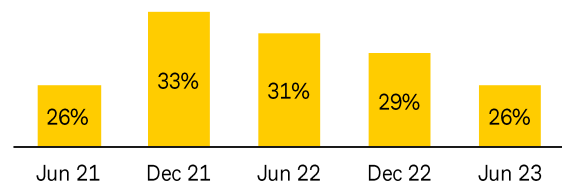
### Short-Term Wholesale Funding

Short-term wholesale funding accounted for 26% of total wholesale funding at 30 June 2023 (31 December 2022: 29%; 30 June 2022: 31%). The Group continues to maintain a conservative funding mix.

Customers Deposits to Total Funding Ratio



Short-Term to Total Wholesale Funding Ratio



# Group Operations and Business Settings (continued)

## Funding (continued)

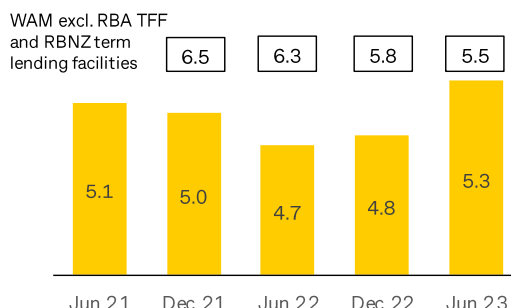
### Long-Term Wholesale Funding

Long-term wholesale funding (including IFRS MTM and derivative FX revaluations) accounted for 74% of total wholesale funding at 30 June 2023 (31 December 2022: 71%; 30 June 2022: 69%).

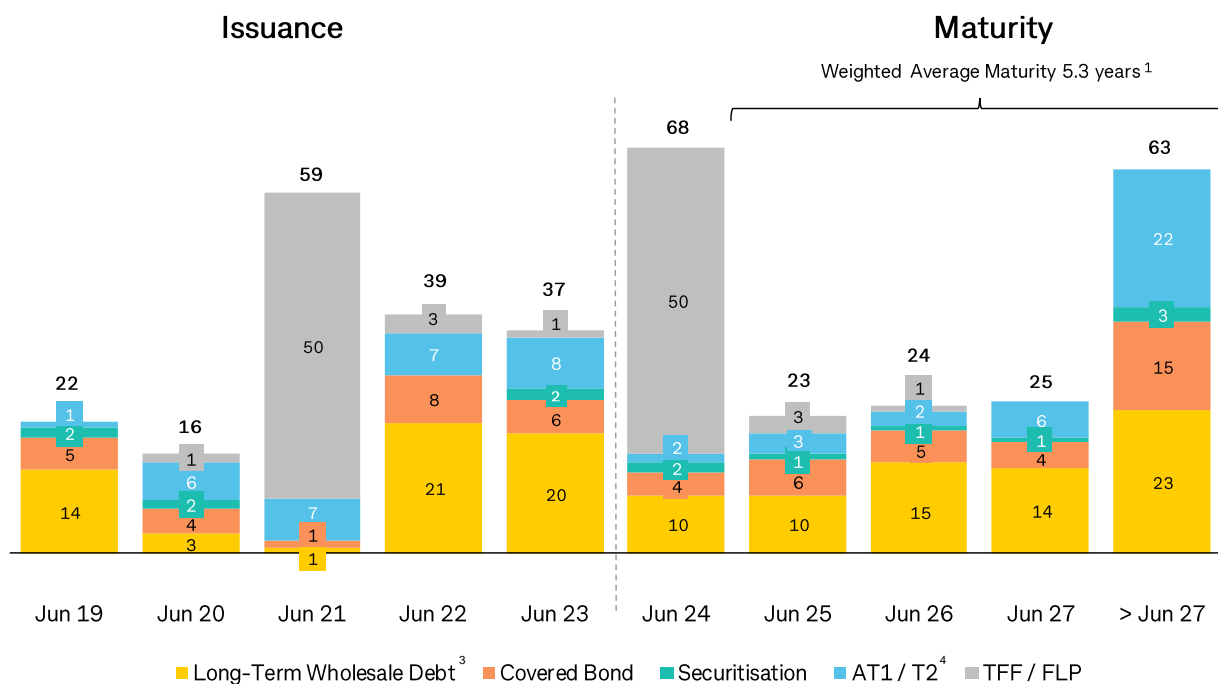
During the full year to 30 June 2023, the Group raised \$37 billion of long-term wholesale funding across various instruments. The Group will be actively managing the maturity profile of the RBA TFF across the 2023 – 2025 financial years through a range of funding sources.

The Weighted Average Maturity (WAM) of outstanding long-term wholesale debt with a residual maturity greater than 12 months at 30 June 2023 was 5.3 years (5.5 years excluding the RBA TFF and RBNZ term lending facilities).

### Weighted Average Maturity of Long-Term Wholesale Debt (years)<sup>1</sup>



### Long-Term Wholesale Funding Profile (\$B)<sup>2</sup>



- 1 Represents the weighted average maturity of outstanding long-term wholesale debt with a residual maturity greater than 12 months at 30 June 2023 including the RBA TFF and RBNZ term lending facilities drawdowns.
- 2 Maturities may vary to previous disclosure due to FX revaluation.
- 3 Includes Senior Bonds and Structured MTN.
- 4 Additional Tier 1 and Tier 2 Capital.



# Group Operations and Business Settings (continued)

## Net Stable Funding Ratio (NSFR)

Level 2	As at				
	30 Jun 23 \$M	31 Dec 22 \$M	30 Jun 22 \$M	Jun 23 vs Dec 22 %	Jun 23 vs Jun 22 %
<b>Required Stable Funding</b>					
Residential mortgages <sup>1</sup>	291,536	333,121	318,209	(12)	(8)
Other loans <sup>1</sup>	336,492	266,835	258,189	26	30
Liquid and other assets	65,425	63,008	62,826	4	4
<b>Total Required Stable Funding</b>	<b>693,453</b>	662,964	639,224	5	8
<b>Available Stable Funding</b>					
Capital	108,987	104,848	103,255	4	6
Retail and SME deposits	500,416	492,420	477,365	2	5
Wholesale funding and other	251,596	258,195	252,689	(3)	–
<b>Total Available Stable Funding</b>	<b>860,999</b>	855,463	833,309	1	3
<b>Net Stable Funding Ratio (NSFR) (%)</b>	<b>124</b>	129	130	(500)bpts	(600)bpts

### Net Stable Funding Ratio (NSFR)

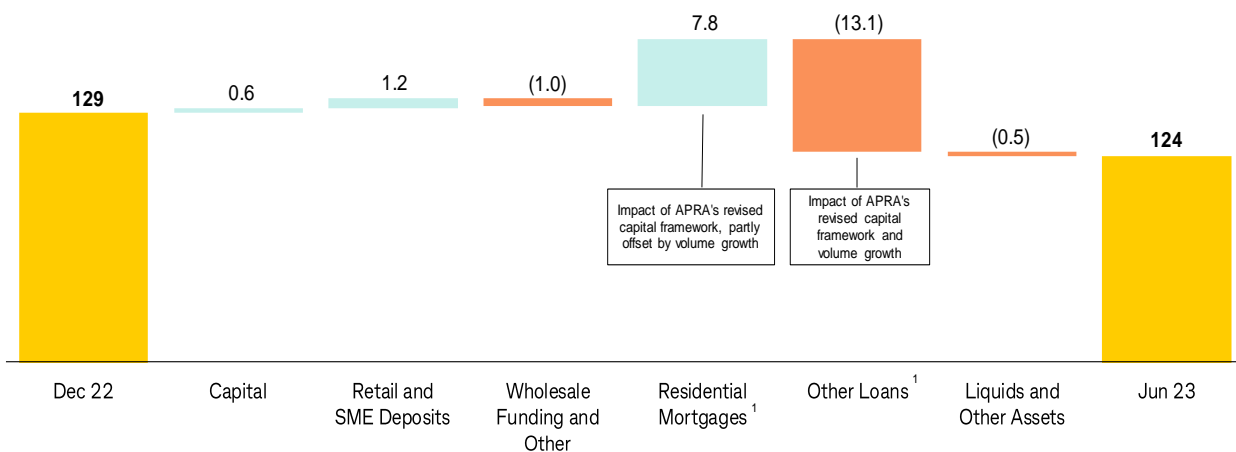
The Net Stable Funding Ratio (NSFR) requirement is designed to encourage stable funding of core assets. APRA prescribed factors are used to determine the stable funding requirement of assets and the stability of funding sources.

The Group's NSFR was 124% at 30 June 2023, a decrease of 5% from 129% at 31 December 2022 and a decrease of 6% from 130% at 30 June 2022. The NSFR remains well above the regulatory minimum of 100%.

The 5% increase in Required Stable Funding (RSF) over the half primarily reflects lending volume growth and the impact of APRA's revised capital framework <sup>1</sup> which resulted in a higher stable funding requirement for certain mortgages.

The 1% increase in Available Stable Funding (ASF) over the half was mainly driven by growth in Retail and SME deposits and an increase in capital, partly offset by lower wholesale funding.


### NSFR Movement (%)



<sup>1</sup> Primarily relate to residential mortgages that are subject to application of the 65% RSF factor when calculating NSFR. 30 June 2023 balances were impacted by APRA's revised capital framework from 1 January 2023, which narrowed the scope of residential mortgages that qualified for the application of the 65% RSF factor. The residential mortgages that no longer qualify for the 65% RSF factor are now included in Other Loans.

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# **Divisional Performance**

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# Contents

## 5. Divisional Performance

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Divisional Summary	40
Retail Banking Services	42
Business Banking	47
Institutional Banking and Markets	51
New Zealand	56
Corporate Centre and Other	62

# Divisional Performance

## Divisional Summary

Full Year Ended 30 June 2023						
	Retail Banking Services <sup>1</sup>	Business Banking	Institutional Banking and Markets	New Zealand	Corporate Centre and Other	Total
Divisional Summary	\$M	\$M	\$M	\$M	\$M	\$M
Net interest income	11,235	7,666	1,415	2,668	72	<b>23,056</b>
Other operating income	1,309	1,157	976	424	315	<b>4,181</b>
<b>Total operating income</b>	<b>12,544</b>	<b>8,823</b>	<b>2,391</b>	<b>3,092</b>	<b>387</b>	<b>27,237</b>
Operating expenses	(4,600)	(2,653)	(1,046)	(1,154)	(2,405)	<b>(11,858)</b>
Loan impairment (expense)/benefit	(583)	(496)	36	(59)	(6)	<b>(1,108)</b>
<b>Net profit/(loss) before tax</b>	<b>7,361</b>	<b>5,674</b>	<b>1,381</b>	<b>1,879</b>	<b>(2,024)</b>	<b>14,271</b>
Corporate tax (expense)/benefit	(2,203)	(1,701)	(350)	(523)	670	<b>(4,107)</b>
<b>Net profit/(loss) after tax from continuing operations - "cash basis"</b>	<b>5,158</b>	<b>3,973</b>	<b>1,031</b>	<b>1,356</b>	<b>(1,354)</b>	<b>10,164</b>

Full Year Ended 30 June 2023 vs Full Year Ended 30 June 2022 <sup>2</sup>						
	Retail Banking Services <sup>1</sup>	Business Banking	Institutional Banking and Markets	New Zealand	Corporate Centre and Other	Total
	%	%	%	%	%	%
Net interest income	17	31	(9)	14	(50)	<b>18</b>
Other operating income	(4)	(6)	29	(15)	(77)	<b>(20)</b>
<b>Total operating income</b>	<b>14</b>	<b>25</b>	<b>4</b>	<b>9</b>	<b>(74)</b>	<b>10</b>
Operating expenses	5	-	6	11	2	<b>4</b>
Loan impairment expense	large	large	(68)	59	(25)	<b>large</b>
<b>Net profit/(loss) before tax</b>	<b>5</b>	<b>32</b>	<b>(3)</b>	<b>7</b>	<b>large</b>	<b>5</b>
Corporate tax expense	6	32	(6)	7	large	<b>2</b>
<b>Net profit/(loss) after tax from continuing operations - "cash basis"</b>	<b>5</b>	<b>32</b>	<b>(3)</b>	<b>7</b>	<b>large</b>	<b>6</b>

<sup>1</sup> Retail Banking Services including General Insurance.

<sup>2</sup> Comparative information has been restated to conform to presentation in the current period.

# Divisional Performance (continued)

## Divisional Summary (continued)

Divisional Summary	Half Year Ended 30 June 2023					Total \$M
	Retail Banking Services <sup>1</sup> \$M	Business Banking \$M	Institutional Banking and Markets \$M	New Zealand \$M	Corporate Centre and Other \$M	
Net interest income	5,460	3,834	705	1,304	116	<b>11,419</b>
Other operating income	694	570	570	193	198	<b>2,225</b>
<b>Total operating income</b>	<b>6,154</b>	<b>4,404</b>	<b>1,275</b>	<b>1,497</b>	<b>314</b>	<b>13,644</b>
Operating expenses	(2,280)	(1,313)	(517)	(599)	(1,376)	<b>(6,085)</b>
Loan impairment expense	(346)	(233)	(3)	(14)	(1)	<b>(597)</b>
<b>Net profit/(loss) before tax</b>	<b>3,528</b>	<b>2,858</b>	<b>755</b>	<b>884</b>	<b>(1,063)</b>	<b>6,962</b>
Corporate tax (expense)/benefit	(1,061)	(857)	(177)	(246)	390	<b>(1,951)</b>
<b>Net profit/(loss) after tax from continuing operations - "cash basis"</b>	<b>2,467</b>	<b>2,001</b>	<b>578</b>	<b>638</b>	<b>(673)</b>	<b>5,011</b>

Divisional Summary	Half Year Ended 30 June 2023 vs Half Year Ended 31 December 2022					Total %
	Retail Banking Services <sup>1</sup> %	Business Banking %	Institutional Banking and Markets %	New Zealand %	Corporate Centre and Other %	
Net interest income	(5)	–	(1)	(4)	large	<b>(2)</b>
Other operating income	13	(3)	40	(16)	69	<b>14</b>
<b>Total operating income</b>	<b>(4)</b>	<b>–</b>	<b>14</b>	<b>(6)</b>	<b>large</b>	<b>–</b>
Operating expenses	(2)	(2)	(2)	8	34	<b>5</b>
Loan impairment expense	46	(11)	large	(69)	(80)	<b>17</b>
<b>Net profit/(loss) before tax</b>	<b>(8)</b>	<b>1</b>	<b>21</b>	<b>(11)</b>	<b>11</b>	<b>(5)</b>
Corporate tax expense	(7)	2	2	(11)	39	<b>(10)</b>
<b>Net profit/(loss) after tax from continuing operations - "cash basis"</b>	<b>(8)</b>	<b>1</b>	<b>28</b>	<b>(11)</b>	<b>(1)</b>	<b>(3)</b>

<sup>1</sup> Retail Banking Services including General Insurance.

# Divisional Performance (continued)

## Retail Banking Services

### Overview

Retail Banking Services provides simple, convenient and affordable banking products and services to personal and private bank customers, helping them manage their everyday banking needs, buy a home or invest for the future. We support our customers through an extensive network of approximately 700 branches and 2,000 ATMs, Australian-based customer call centres, leading online services and apps, as well as mobile banking specialists, private bankers and support teams. Retail Banking Services also include the financial results of retail banking activities conducted under the Bankwest and Unloan brands.

On 30 November 2021, the Group ceased to provide financial advice services under Commonwealth Financial Planning (CFP) after a partial transfer to AIA Financial Services Limited. This component of Commonwealth Financial Planning does not constitute a major line of the Group's business, and as such the financial results are treated as continuing operations and included in the account lines of Retail Banking Services' performance.

On 30 September 2022, CBA completed the sale of its Australian general insurance business (CommInsure General Insurance) to Hollard Group (Hollard). As CommInsure General Insurance does not constitute a major line of the Group's business, the financial results of CommInsure General Insurance are treated as continuing operations and included in the account lines of Retail Banking Services' performance.

	Full Year Ended <sup>1</sup>				Half Year Ended			
	Retail Banking (excl. General Insurance)			Total RBS <sup>2</sup>	Retail Banking (excl. General Insurance)			Total RBS <sup>2</sup>
	30 Jun 23 \$M	30 Jun 22 \$M	Jun 23 vs Jun 22 %	30 Jun 23 \$M	30 Jun 23 \$M	31 Dec 22 \$M	Jun 23 vs Dec 22 %	30 Jun 23 \$M
Net interest income	11,235	9,602	17	11,235	5,460	5,775	(5)	5,460
Other operating income	1,350	1,356	–	1,309	694	656	6	694
Total operating income	12,585	10,958	15	12,544	6,154	6,431	(4)	6,154
Operating expenses	(4,585)	(4,321)	6	(4,600)	(2,280)	(2,305)	(1)	(2,280)
Loan impairment (expense)/benefit	(583)	406	large	(583)	(346)	(237)	46	(346)
Net profit before tax	7,417	7,043	5	7,361	3,528	3,889	(9)	3,528
Corporate tax expense	(2,220)	(2,100)	6	(2,203)	(1,061)	(1,159)	(8)	(1,061)
<b>Cash net profit after tax</b>	<b>5,197</b>	<b>4,943</b>	<b>5</b>	<b>5,158</b>	<b>2,467</b>	<b>2,730</b>	<b>(10)</b>	<b>2,467</b>
Cash loss after tax from General Insurance	(39)	(30)	(30)	–	–	(39)	large	–
<b>Total cash net profit after tax</b>	<b>5,158</b>	<b>4,913</b>	<b>5</b>	<b>5,158</b>	<b>2,467</b>	<b>2,691</b>	<b>(8)</b>	<b>2,467</b>

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

<sup>2</sup> RBS including General Insurance.



# Divisional Performance (continued)

## Retail Banking Services (continued)

	Full Year Ended <sup>1</sup>				Half Year Ended			
	Retail Banking (excl. General Insurance)			Total RBS <sup>2</sup>	Retail Banking (excl. General Insurance)			Total RBS <sup>2</sup>
	30 Jun 23	30 Jun 22	Jun 23 vs Jun 22 %	30 Jun 23	30 Jun 23	31 Dec 22	Jun 23 vs Dec 22 %	30 Jun 23
	\$M	\$M		\$M	\$M	\$M		\$M
<b>Income analysis</b>								
<b>Net interest income</b>								
Home loans	4,957	6,004	(17)	4,957	2,367	2,590	(9)	2,367
Consumer finance & other <sup>3</sup>	897	1,105	(19)	897	436	461	(5)	436
Deposits	5,381	2,493	large	5,381	2,657	2,724	(2)	2,657
<b>Total net interest income</b>	<b>11,235</b>	<b>9,602</b>	<b>17</b>	<b>11,235</b>	<b>5,460</b>	<b>5,775</b>	<b>(5)</b>	<b>5,460</b>
<b>Other operating income</b>								
Home loans	266	278	(4)	266	135	131	3	135
Consumer finance <sup>4</sup>	321	332	(3)	321	151	170	(11)	151
Deposits	479	439	9	479	241	238	1	241
Distribution & other <sup>5</sup>	284	297	(4)	268	167	117	43	167
Funds management and insurance income	–	10	(large)	(25)	–	–	–	–
<b>Total other operating income</b>	<b>1,350</b>	<b>1,356</b>	<b>–</b>	<b>1,309</b>	<b>694</b>	<b>656</b>	<b>6</b>	<b>694</b>
<b>Total operating income</b>	<b>12,585</b>	<b>10,958</b>	<b>15</b>	<b>12,544</b>	<b>6,154</b>	<b>6,431</b>	<b>(4)</b>	<b>6,154</b>

	As at				
	30 Jun 23	31 Dec 22	30 Jun 22	Jun 23 vs Dec 22 %	Jun 23 vs Jun 22 %
	\$M	\$M	\$M		
<b>Balance Sheet (excl. General Insurance)</b>					
Home loans <sup>6</sup>	481,578	469,844	456,481	2	5
Consumer finance <sup>4</sup>	11,846	11,452	11,024	3	7
Other interest earning assets	2,240	2,261	2,303	(1)	(3)
<b>Total interest earning assets</b>	<b>495,664</b>	<b>483,557</b>	<b>469,808</b>	<b>3</b>	<b>6</b>
Other assets	6,183	5,994	5,756	3	7
<b>Total assets</b>	<b>501,847</b>	<b>489,551</b>	<b>475,564</b>	<b>3</b>	<b>6</b>
Transaction deposits <sup>7</sup>	55,304	55,741	51,751	(1)	7
Savings deposits <sup>7</sup>	167,492	160,644	159,594	4	5
Investment deposits & other	80,337	73,845	63,639	9	26
<b>Total interest bearing deposits</b>	<b>303,133</b>	<b>290,230</b>	<b>274,984</b>	<b>4</b>	<b>10</b>
Non-interest bearing transaction deposits	48,229	52,409	57,343	(8)	(16)
Other non-interest bearing liabilities	6,677	5,757	5,499	16	21
<b>Total liabilities</b>	<b>358,039</b>	<b>348,396</b>	<b>337,826</b>	<b>3</b>	<b>6</b>

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

<sup>2</sup> RBS including General Insurance.

<sup>3</sup> Consumer finance and other includes personal loans, credit cards and business lending.

<sup>4</sup> Consumer finance includes personal loans and credit cards.

<sup>5</sup> Distribution includes income associated with the sale of foreign exchange and wealth products. Other includes merchants and business lending.

<sup>6</sup> Home loans are presented gross of \$56,217 million of mortgage offset balances (31 December 2022: \$55,969 million; 30 June 2022: \$52,377 million). These balances are required to be grossed up under accounting standards but are netted down for the calculation of customer interest payments.

<sup>7</sup> Transaction and Savings deposits includes \$56,217 million of mortgage offset balances (31 December 2022: \$55,969 million; 30 June 2022: \$52,377 million).

# Divisional Performance (continued)

## Retail Banking Services (continued)

Key Financial Metrics (excl. General Insurance unless stated otherwise)	Full Year Ended <sup>1</sup>			Half Year Ended		
	30 Jun 23	30 Jun 22	Jun 23 vs Jun 22 %	30 Jun 23	31 Dec 22	Jun 23 vs Dec 22 %
<b>Performance indicators</b>						
Net interest margin (%)	<b>2.64</b>	2.40	24 bpts	<b>2.55</b>	2.74	(19)bpts
Return on assets (%)	<b>1.0</b>	1.0	–	<b>1.0</b>	1.1	(10)bpts
Operating expenses to total operating income (%)	<b>36.4</b>	39.4	(300)bpts	<b>37.0</b>	35.8	120 bpts
Impairment expense annualised as a % of average GLAAs (%)	<b>0.12</b>	(0.09)	21 bpts	<b>0.14</b>	0.10	4 bpts
<b>Other information</b>						
Average interest earning assets (\$M) <sup>2</sup>	<b>424,908</b>	400,609	6	<b>431,109</b>	418,807	3
Risk weighted assets (\$M) <sup>3</sup>	<b>164,977</b>	166,565	(1)	<b>164,977</b>	165,002	–
90+ days home loan arrears (%)	<b>0.46</b>	0.51	(5)bpts	<b>0.46</b>	0.45	1 bpt
90+ days consumer finance arrears (%)	<b>0.80</b>	0.70	10 bpts	<b>0.80</b>	0.64	16 bpts
Spot number of full-time equivalent staff (FTE)	<b>16,718</b>	16,947	(1)	<b>16,718</b>	16,524	1

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

2 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.

3 Includes General Insurance.

## Financial Performance and Business Review <sup>1</sup>

### Year Ended June 2023 versus June 2022

Retail Banking Services cash net profit after tax for the full year ended 30 June 2023 was \$5,197 million, an increase of \$254 million or 5% on the prior year. The result reflected a 15% increase in operating income, a 6% increase in operating expenses and a \$989 million increase in loan impairment expense.

### Net Interest Income

Net interest income was \$11,235 million, an increase of \$1,633 million or 17% on the prior year. This was driven by a 24 basis point increase in net interest margin and a 6% increase in average interest earning assets.

Net interest margin increased by 24 basis points on the prior year, reflecting:

- Improved deposit margins, including earnings on replicated products, due to the rising interest rate environment; and
- Higher earnings on equity; partly offset by
- Lower home lending margins reflecting increased competition and the impact of cash and swap rates on pricing;
- Lower consumer finance margins mainly reflecting impacts from increases in the cash rate and a reduction in the proportion of credit card balances earning interest; and
- Higher wholesale funding costs.

### Other Operating Income

Other operating income was \$1,350 million, a decrease of \$6 million on the prior year, reflecting:

- Non-recurrence of AIA partnership payments received in the prior year; partly offset by
- Increased volume driven foreign exchange and deposit fee income.

### Operating Expenses

Operating expenses were \$4,585 million, an increase of \$264 million or 6% on the prior year. This was primarily driven by inflation, higher IT spend and amortisation, additional resources to support increased call centre volumes and strategic initiatives, and increased scams and fraud related losses, partly offset by productivity initiatives including workforce and branch optimisation.

The number of full-time equivalent staff (FTE) decreased by 229 FTE or 1% on the prior year, from 16,947 to 16,718. This was driven by workforce optimisation including fewer loan application processing resources, partly offset by additional resources to support call centre volumes, and investment in lenders.

Investment spend focused on strategic growth and productivity initiatives including product and service innovation, digital enhancements, partnership integration, and home buying process optimisation. We have also continued to invest in risk and compliance initiatives.

The operating expenses to operating income ratio was 36.4%, a decrease of 300 basis points on the prior year, reflecting higher operating income.

<sup>1</sup> In order to provide an underlying view of performance, the commentary below has been presented excluding the impact of the General Insurance businesses for which commentary has been provided separately.

# Divisional Performance (continued)

## Retail Banking Services (continued)

### Financial Performance and Business Review (continued)

#### Loan Impairment Expense

Loan impairment expense was \$583 million, an increase of \$989 million on the prior year. The result was mainly driven by higher collective provisions reflecting ongoing cost of living pressures, rising interest rates and a decline in house prices, as well as the non-recurrence of COVID-19 collective provision releases in the prior year.

Loan impairment expense as a percentage of average gross loans and acceptances increased 21 basis points on the prior year to 0.12%.

Home loan 90+ days arrears decreased by 5 basis points from 0.51% to 0.46%, supported by a strong labour market.

Consumer finance 90+ days arrears increased by 10 basis points from 0.70% to 0.80%, largely within personal loans as cost of living pressures increase.

#### Balance Sheet

Key spot balance sheet movements included:

- Home loan growth of \$25.1 billion or 5%, broadly in line with system, reflecting a focus on customer retention in a highly competitive environment and growth in our new digital-only proprietary offering, Unloan. Proprietary mix for CBA and Unloan branded home loans remained at 59% of new business flows;
- Consumer finance growth of \$0.8 billion or 7%, driven by growth in personal loans from higher new business volumes, and increased credit cards accounts and spend; and
- Total deposits growth of \$19.0 billion or 6% (interest and non-interest bearing). Growth was driven by investment deposits (up 26%) and savings deposits (up 5%), partly offset by decline in transaction deposits (down 5% including non-interest bearing balances) reflecting greater customer demand for higher yielding deposits.

#### Risk Weighted Assets

Risk weighted assets were \$165.0 billion, a decrease of \$1.6 billion or 1% on the prior year.

- Credit risk weighted assets decreased by \$1.5 billion or 1%, primarily reflecting regulatory approval of new capital models; partly offset by lending volume growth and the implementation of APRA's revised capital framework from 1 January 2023.
- Operational risk weighted assets decreased by \$0.1 billion or 1%.

Retail Banking Services generated \$5,917 million of organic capital<sup>1</sup> for the Group in the current year. This contributed 122 basis points to the Group's CET1 ratio.

#### General Insurance

Cash net loss after tax was \$39 million, an increase of \$9 million on the prior year. The result was mainly driven by lower premiums due to the sale of the General Insurance business on 30 September 2022.

#### Half Year Ended June 2023 versus December 2022

Cash net profit after tax was \$2,467 million, a decrease of \$263 million or 10% on the prior half. The result was driven by a 4% decrease in operating income, a 1% decrease in operating expenses and a 46% increase in loan impairment expense.

#### Net Interest Income

Net interest income was \$5,460 million, a decrease of \$315 million or 5% on the prior half. This was driven by a 19 basis point decrease in net interest margin and the impact of three fewer calendar days in the current half, partly offset by a 3% increase in average interest earning assets.

Net interest margin decreased by 19 basis points on the prior half, reflecting:

- Lower home lending margins primarily due to increased competition;
- Lower deposit margins mainly due to competition and unfavourable mix as customers shift to higher yielding savings and term deposits, partly offset by benefits due to the rising interest rate environment;
- Lower consumer finance margins mainly reflecting impacts from increases in the cash rate; and
- Higher wholesale funding costs; partly offset by
- Higher earnings on equity.

#### Other Operating Income

Other operating income was \$694 million, an increase of \$38 million or 6% on the prior half, reflecting increased volume driven deposits, lending and foreign exchange fee income.

#### Operating Expenses

Operating expenses were \$2,280 million, a decrease of \$25 million or 1% on the prior half. This was due to seasonally higher leave usage, lower IT spend and productivity initiatives including workforce and branch optimisation, partly offset by additional resources to support increased call centre volumes and strategic initiatives.

The number of FTE increased by 194 or 1% on the prior half, from 16,524 to 16,718, driven by investment in lenders and additional call centre resources, partly offset by workforce optimisation.

The operating expenses to total operating income ratio was 37.0%, an increase of 120 basis points on the prior half, driven by lower operating income.

<sup>1</sup> Organic capital generation represents cash net profit after tax less the capital equivalent of the change in regulatory risk weighted assets used to generate those profits. Amounts quoted exclude the payment of dividends, the allocation of Operational RWA from the Enforceable Undertaking with APRA, and impacts from the implementation of APRA's revised capital framework on 1 January 2023.

# Divisional Performance (continued)

## Retail Banking Services (continued)

### Financial Performance and Business Review (continued)

#### Loan Impairment Expense

Loan impairment expense was \$346 million, an increase of \$109 million on the prior half. The result was driven by higher collective provisions reflecting ongoing cost of living pressures and rising interest rates, and higher write-offs in Consumer Finance.

Loan impairment expense as a percentage of average gross loans and acceptances increased by 4 basis points on the prior half to 0.14%.

Home loan 90+ days arrears increased by 1 basis point from 0.45% to 0.46%.

Consumer finance 90+ days arrears increased by 16 basis points from 0.64% to 0.80%, driven by personal loans as cost of living pressures increase, together with a seasonal increase following the December holiday period.

#### Balance Sheet

Key spot balance sheet movements included:

- Home loan growth of \$11.7 billion or 2%, in line with system. Proprietary mix for CBA and Unloan branded home loans increased from 58% to 61% of new business flows;
- Consumer finance growth of \$0.4 billion or 3%, driven by growth in personal loans from higher new business volumes and increased credit cards spend; and
- Total deposits growth of \$8.7 billion or 3% (interest and non-interest bearing). The increase was driven by investment deposits (up 9%) and savings deposits (up 4%), partly offset by a decline in transaction deposits (down 4% including non-interest bearing balances) reflecting greater customer demand for higher yielding deposits.

#### Risk Weighted Assets

Risk weighted assets is flat on prior half.

- Credit risk weighted assets decreased by \$1.9 billion or 1% primarily reflecting regulatory approval of new capital models; partly offset by lending volume growth and the implementation of APRA's revised capital framework from 1 January 2023.
- Operational risk weighted assets increased by \$1.9 billion or 10% primarily driven by the adoption of the standardised measurement approach in line with APRA's revised capital framework.

Retail Banking Services generated \$3,315 million of organic capital <sup>1</sup> for the Group in the current half. This contributed 68 basis points to the Group's CET1 ratio.

#### General Insurance

Cash net profit after tax was nil, an increase of \$39 million on the prior half. The result reflects the sale of the General Insurance business on 30 September 2022.

<sup>1</sup> Organic capital generation represents cash net profit after tax less the capital equivalent of the change in regulatory risk weighted assets used to generate those profits. Amounts quoted exclude the payment of dividends and impacts from the implementation of APRA's revised capital framework on 1 January 2023.

# Divisional Performance (continued)

## Business Banking

### Overview

Business Banking serves the banking needs of business, corporate and agribusiness customers across the full range of financial services solutions. We also provide Australia's leading equities trading and margin lending services through our CommSec business. Business Banking includes the financial results of business banking activities conducted under the Bankwest brand.

	Full Year Ended <sup>1</sup>			Half Year Ended <sup>1</sup>		
	30 Jun 23 \$M	30 Jun 22 \$M	Jun 23 vs Jun 22 %	30 Jun 23 \$M	31 Dec 22 \$M	Jun 23 vs Dec 22 %
Net interest income	7,666	5,845	31	3,834	3,832	–
Other operating income	1,157	1,232	(6)	570	587	(3)
Total operating income	8,823	7,077	25	4,404	4,419	–
Operating expenses	(2,653)	(2,661)	–	(1,313)	(1,340)	(2)
Loan impairment expense	(496)	(115)	large	(233)	(263)	(11)
Net profit before tax	5,674	4,301	32	2,858	2,816	1
Corporate tax expense	(1,701)	(1,291)	32	(857)	(844)	2
<b>Cash net profit after tax</b>	<b>3,973</b>	<b>3,010</b>	<b>32</b>	<b>2,001</b>	<b>1,972</b>	<b>1</b>
<b>Income analysis</b>						
<b>Net interest income</b>						
Small Business Banking	3,306	2,534	30	1,646	1,660	(1)
Commercial Banking	2,010	1,501	34	1,007	1,003	–
Regional and Agribusiness	1,022	834	23	508	514	(1)
Major Client Group	997	795	25	501	496	1
CommSec	331	181	83	172	159	8
<b>Total net interest income</b>	<b>7,666</b>	<b>5,845</b>	<b>31</b>	<b>3,834</b>	<b>3,832</b>	<b>–</b>
<b>Other operating income</b>						
Small Business Banking	381	396	(4)	185	196	(6)
Commercial Banking	257	227	13	132	125	6
Regional and Agribusiness	115	98	17	61	54	13
Major Client Group	174	148	18	86	88	(2)
CommSec	230	363	(37)	106	124	(15)
<b>Total other operating income</b>	<b>1,157</b>	<b>1,232</b>	<b>(6)</b>	<b>570</b>	<b>587</b>	<b>(3)</b>
<b>Total operating income</b>	<b>8,823</b>	<b>7,077</b>	<b>25</b>	<b>4,404</b>	<b>4,419</b>	<b>–</b>
<b>Income by product</b>						
Business products	5,774	4,286	35	2,943	2,831	4
Retail products	2,742	2,343	17	1,318	1,424	(7)
Equities and margin lending	307	448	(31)	143	164	(13)
<b>Total operating income</b>	<b>8,823</b>	<b>7,077</b>	<b>25</b>	<b>4,404</b>	<b>4,419</b>	<b>–</b>

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

# Divisional Performance (continued)

## Business Banking (continued)

	As at				
	30 Jun 23 \$M	31 Dec 22 \$M	30 Jun 22 \$M	Jun 23 vs Dec 22 %	Jun 23 vs Jun 22 %
<b>Balance Sheet</b>					
Home loans <sup>1</sup>	102,242	100,580	100,003	2	2
Business loans <sup>2</sup>	131,158	123,154	117,115	6	12
Margin loans	1,957	2,113	2,261	(7)	(13)
Consumer finance	1,810	1,878	1,813	(4)	–
Total interest earning assets	237,167	227,725	221,192	4	7
Non-lending interest earning assets	53	48	62	10	(15)
Other assets	1,141	1,043	1,185	9	(4)
<b>Total assets</b>	<b>238,361</b>	<b>228,816</b>	<b>222,439</b>	<b>4</b>	<b>7</b>
Transaction deposits <sup>2,3</sup>	36,333	36,301	37,209	–	(2)
Savings deposits <sup>3</sup>	77,048	74,582	75,641	3	2
Investment deposits and other	54,304	49,929	36,471	9	49
Total interest bearing deposits	167,685	160,812	149,321	4	12
Non-interest bearing transaction deposits	60,261	66,383	72,403	(9)	(17)
Other non-interest bearing liabilities	2,443	2,101	1,611	16	52
<b>Total liabilities</b>	<b>230,389</b>	<b>229,296</b>	<b>223,335</b>	<b>–</b>	<b>3</b>

Key Financial Metrics	Full Year Ended <sup>4</sup>			Half Year Ended		
	30 Jun 23	30 Jun 22	Jun 23 vs Jun 22 %	30 Jun 23	31 Dec 22	Jun 23 vs Dec 22 %
<b>Performance indicators</b>						
Net interest margin (%)	3.60	2.97	63 bpts	3.57	3.63	(6)bpts
Return on assets (%)	1.7	1.4	30 bpts	1.7	1.7	–
Operating expenses to total operating income (%)	30.1	37.6	(large)	29.8	30.3	(50)bpts
Impairment expense annualised as a % of average GLAAs (%)	0.22	0.06	16 bpts	0.20	0.23	(3)bpts
<b>Other information</b>						
Average interest earning assets (\$M) <sup>5</sup>	213,014	197,026	8	216,824	209,267	4
Risk weighted assets (\$M)	126,909	147,326	(14)	126,909	149,523	(15)
Troublesome and impaired assets (\$M) <sup>6</sup>	4,151	3,439	21	4,151	3,629	14
Troublesome and impaired assets as a % of TCE (%) <sup>6</sup>	2.48	2.28	20 bpts	2.48	2.30	18 bpts
Spot number of full-time equivalent staff (FTE)	5,558	5,732	(3)	5,558	5,582	–

1 Home loans are presented gross of \$12,918 million of mortgage offset balances (31 December 2022: \$14,218 million; 30 June 2022: \$12,619 million). These balances are required to be grossed up under accounting standards, but are netted down for the calculation of customer interest payments.

2 Business loans include \$306 million of Cash Management Pooling Facilities (CMPF) (31 December 2022: \$331 million; 30 June 2022: \$266 million). Transaction deposits include \$1,266 million of CMPF liabilities (31 December 2022: \$897 million; 30 June 2022: \$1,124 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.

3 Transaction and Savings deposits include \$12,918 million of mortgage offset balances (31 December 2022: \$14,218 million; 30 June 2022: \$12,619 million).

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

5 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.

6 Commercial troublesome and impaired assets only.



# Divisional Performance (continued)

## Business Banking (continued)

### Financial Performance and Business Review

#### Year Ended June 2023 versus June 2022

Business Banking cash net profit after tax for the year ended 30 June 2023 was \$3,973 million, an increase of \$963 million or 32% on the prior year. The result was driven by a 25% increase in total operating income, flat operating expenses and a \$381 million increase in loan impairment expense.

#### Net Interest Income

Net interest income was \$7,666 million, an increase of \$1,821 million or 31% on the prior year. This was driven by a 63 basis point increase in net interest margin and an 8% increase in average interest earning assets.

Net interest margin increased 63 basis points on the prior year, reflecting:

- Higher deposit margins including earnings on replicated products due to the rising interest rate environment, partly offset by unfavourable portfolio mix as customers switch to higher yielding deposits; and
- Higher earnings on equity; partly offset by
- Lower home lending margins reflecting increased competition and the impact of cash and swap rates on pricing;
- Lower business lending margins, reflecting competitive pricing; and
- Lower consumer finance margins reflecting impacts from increases in the cash rate.

#### Other Operating Income

Other operating income was \$1,157 million, a decrease of \$75 million or 6% on the prior year, reflecting:

- Lower equities income due to reduced trading volumes; partly offset by
- Higher business lending fee income reflecting volume growth and increased switching to fee based products.

#### Operating Expenses

Operating expenses were \$2,653 million, a decrease of \$8 million on the prior year. This was primarily driven by lower remediation costs, productivity initiatives and higher leave usage, partly offset by inflation and higher IT spend.

The number of full-time equivalent staff (FTE) decreased by 174 or 3% on the prior year, from 5,732 to 5,558, due to productivity initiatives, partly offset by investment in customer facing staff.

Investment spend was primarily focused on further enhancing the customer experience through reimagining products and services, system modernisation, digitisation and automation, as well as investment in regulatory, risk and compliance initiatives.

The operating expenses to total operating income ratio was 30.1%, a decrease of 750 basis points on the prior year, mainly driven by higher operating income.

#### Loan Impairment Expense

Loan impairment expense was \$496 million, an increase of \$381 million on the prior year. This was driven by an increase in individual and collective provisions reflecting the impact of rising interest rates and ongoing inflationary pressures on a number of industries of concern, including those exposed to consumer discretionary spend and the Construction sector, as well as the non-recurrence of COVID-19 collective provision releases in the prior year. Provision coverage has increased to above pre-COVID levels.

Loan impairment expense as a percentage of average gross loans and acceptances increased 16 basis points to 0.22%.

Troublesome and impaired assets as a percentage of total committed exposure increased 20 basis points to 2.48%, influenced by rising interest rates and inflationary pressures, particularly in the Construction sector.

#### Balance Sheet

Key spot balance sheet movements included:

- Business loan growth of \$14.0 billion or 12%, above system growth, reflecting diversified lending across a number of industries;
- Home loan growth of \$2.2 billion or 2%, below system growth, reflecting growth in investor and owner occupied loans; and
- Total deposits growth (interest and non-interest bearing) of \$6.2 billion or 3%. Growth was driven by higher investment deposits (up 49%) and savings deposits (up 2%), partly offset by a decrease in transaction deposits (down 12% including non-interest bearing balances), reflecting greater customer demand for higher yielding deposits.

#### Risk Weighted Assets

Risk weighted assets were \$126.9 billion, a decrease of \$20.4 billion or 14% on the prior year.

- Credit risk weighted assets decreased by \$19.9 billion or 15%, primarily driven by the implementation of APRA's revised capital framework from 1 January 2023, partly offset by lending volume growth.
- Operational risk weighted assets decreased by \$0.5 billion or 4%.

Business Banking generated \$3,289 million of organic capital<sup>1</sup> for the Group in the current year. This contributed 68 basis points to the Group's CET1 ratio.

<sup>1</sup> Organic capital generation represents cash net profit after tax less the capital equivalent of the change in regulatory risk weighted assets used to generate those profits. Amounts quoted exclude the payment of dividends, the allocation of Operational RWA from the Enforceable Undertaking with APRA, and impacts from the implementation of APRA's revised capital framework on 1 January 2023.

# Divisional Performance (continued)

## Business Banking (continued)

### Financial Performance and Business Review (continued)

#### Half Year Ended June 2023 versus December 2022

Cash net profit after tax for the half year ended 30 June 2023 was \$2,001 million, an increase of \$29 million or 1% on the prior half. The result was driven by flat total operating income, a 2% decrease in operating expenses and an 11% decrease in loan impairment expense.

#### Net Interest Income

Net interest income was \$3,834 million, an increase of \$2 million on the prior half. This was driven by a 4% increase in average interest earning assets, partly offset by a 6 basis point decrease in net interest margin and the impact of three fewer calendar days in the current half.

Net interest margin decreased 6 basis points on the prior half, reflecting:

- Lower home and business lending margins reflecting increased competition; and
- Higher wholesale funding costs; partly offset by
- Higher deposit margins including earnings on replicated products, due to the rising interest rate environment, partly offset by unfavourable portfolio mix as customers switch to higher yielding deposits; and
- Higher earnings on equity.

#### Other Operating Income

Other operating income was \$570 million, a decrease of \$17 million or 3% on the prior half, driven by:

- Lower equities income due to reduced trading volumes including the impact of four fewer trading days; partly offset by
- Higher business lending fee income reflecting volume growth and increased switching to fee based products.

#### Operating Expenses

Operating expenses were \$1,313 million, a decrease of \$27 million or 2% on the prior half. This was primarily driven by lower IT spend, seasonally higher leave usage and productivity initiatives, partly offset by higher remediation costs.

The number of FTE decreased by 24 on the prior half, from 5,582 to 5,558.

The operating expenses to total operating income ratio was 29.8%, a decrease of 50 basis points on the prior half, reflecting lower operating expenses.

#### Loan Impairment Expense

Loan impairment expense was \$233 million, a decrease of \$30 million or 11%, due to a higher collective provision charge in the prior half from forward looking adjustments relating to industries of concern. Provision coverage remains above pre-COVID levels.

Loan impairment expense as a percentage of average gross loans and acceptances decreased 3 basis points to 0.20%.

Troublesome and impaired assets as a percentage of total committed exposure increased 18 basis points to 2.48%, influenced by rising interest rates and inflationary pressures, particularly in the Construction sector.

#### Balance Sheet

Key spot balance sheet movements included:

- Business loan growth of \$8.0 billion or 6%, above system growth, reflecting diversified lending across a number of industries;
- Home loan growth of \$1.7 billion or 2%, below system growth, reflecting growth in investor and owner occupied loans; and
- Total deposits (interest and non-interest bearing) increased by \$0.8 billion. Growth was driven by higher investment deposits (up 9%) and savings deposits (up 3%), partly offset by a decrease in transaction deposits (down 6% including non-interest bearing balances), reflecting greater customer demand for higher yielding deposits.

#### Risk Weighted Assets

Risk weighted assets decreased \$22.6 billion or 15% on the prior half.

- Credit risk weighted assets decreased by \$24.0 billion or 17%, primarily driven by the implementation of APRA's revised capital framework from 1 January 2023; partly offset by lending volume growth.
- Operational risk weighted assets increased by \$1.4 billion or 13% primarily driven by the adoption of the standardised measurement approach in line with APRA's revised capital framework.

Business Banking generated \$1,804 million of organic capital<sup>1</sup> for the Group in the current half. This contributed 39 basis points to the Group's CET1 ratio.

<sup>1</sup> Organic capital generation represents cash net profit after tax less the capital equivalent of the change in regulatory risk weighted assets used to generate those profits. Amounts quoted exclude the payment of dividends and impacts from the implementation of APRA's revised capital framework on 1 January 2023.



# Divisional Performance (continued)

## Institutional Banking and Markets

### Overview

Institutional Banking & Markets (IB&M) provides a full range of domestic and global financing and banking services to large corporate, institutional and government clients. These services include debt capital markets, risk management, transaction banking, sustainable finance, structured capital solutions and working capital delivered through dedicated product and industry specialists, as well as tailored research and data analytics to help our clients.

	Full Year Ended <sup>1</sup>			Half Year Ended		
	30 Jun 23 \$M	30 Jun 22 \$M	Jun 23 vs Jun 22 %	30 Jun 23 \$M	31 Dec 22 \$M	Jun 23 vs Dec 22 %
Net interest income	1,415	1,547	(9)	705	710	(1)
Other operating income	976	757	29	570	406	40
<b>Total operating income</b>	<b>2,391</b>	<b>2,304</b>	<b>4</b>	<b>1,275</b>	<b>1,116</b>	<b>14</b>
Operating expenses	(1,046)	(986)	6	(517)	(529)	(2)
Loan impairment benefit/(expense)	36	111	68	(3)	39	large
Net profit before tax	1,381	1,429	(3)	755	626	21
Corporate tax expense	(350)	(371)	(6)	(177)	(173)	2
<b>Cash net profit after tax</b>	<b>1,031</b>	<b>1,058</b>	<b>(3)</b>	<b>578</b>	<b>453</b>	<b>28</b>
<b>Income analysis</b>						
<b>Net interest income</b>						
Institutional Banking	1,345	1,309	3	672	673	-
Markets	70	238	(71)	33	37	(11)
<b>Total net interest income</b>	<b>1,415</b>	<b>1,547</b>	<b>(9)</b>	<b>705</b>	<b>710</b>	<b>(1)</b>
<b>Other operating income</b>						
Institutional Banking	423	365	16	235	188	25
Markets	553	392	41	335	218	54
<b>Total other operating income</b>	<b>976</b>	<b>757</b>	<b>29</b>	<b>570</b>	<b>406</b>	<b>40</b>
<b>Total operating income</b>	<b>2,391</b>	<b>2,304</b>	<b>4</b>	<b>1,275</b>	<b>1,116</b>	<b>14</b>
<b>Income by product</b>						
Institutional products	1,570	1,506	4	790	780	1
Asset leasing	198	168	18	117	81	44
Markets (excluding derivative valuation adjustments)	655	612	7	372	283	31
<b>Total operating income excluding derivative valuation adjustments</b>	<b>2,423</b>	<b>2,286</b>	<b>6</b>	<b>1,279</b>	<b>1,144</b>	<b>12</b>
Derivative valuation adjustments <sup>2</sup>	(32)	18	(large)	(4)	(28)	86
<b>Total operating income</b>	<b>2,391</b>	<b>2,304</b>	<b>4</b>	<b>1,275</b>	<b>1,116</b>	<b>14</b>

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

<sup>2</sup> Derivative valuation adjustments include both net interest income and other operating income adjustments.

# Divisional Performance (continued)

## Institutional Banking and Markets (continued)

	As at				
	30 Jun 23	31 Dec 22	30 Jun 22	Jun 23 vs Dec 22 %	Jun 23 vs Jun 22 %
	\$M	\$M	\$M		
<b>Balance Sheet</b>					
Interest earning lending assets <sup>1</sup>	96,193	97,686	95,451	(2)	1
Non-lending interest earning assets	68,079	62,051	63,029	10	8
Other assets <sup>2</sup>	25,603	28,008	33,382	(9)	(23)
<b>Total assets</b>	<b>189,875</b>	<b>187,745</b>	<b>191,862</b>	<b>1</b>	<b>(1)</b>
Transaction deposits <sup>1</sup>	97,246	93,145	91,396	4	6
Savings deposits	10,634	8,109	16,126	31	(34)
Investment deposits	53,863	50,992	42,883	6	26
Certificates of deposit and other <sup>3</sup>	37,062	29,909	30,116	24	23
Total interest bearing deposits	198,805	182,155	180,521	9	10
Due to other financial institutions	15,022	15,016	17,004	–	(12)
Debt issues and other <sup>4</sup>	7,136	6,646	6,782	7	5
Non-interest bearing liabilities <sup>2</sup>	21,899	26,207	29,774	(16)	(26)
<b>Total liabilities</b>	<b>242,862</b>	<b>230,024</b>	<b>234,081</b>	<b>6</b>	<b>4</b>

	Full Year Ended <sup>5</sup>			Half Year Ended		
	30 Jun 23	30 Jun 22	Jun 23 vs Jun 22 %	30 Jun 23	31 Dec 22	Jun 23 vs Dec 22 %
<b>Key Financial Metrics</b>						
<b>Performance indicators</b>						
Net interest margin (%)	0.88	1.12	(24)bpts	0.89	0.86	3 bpts
Net interest margin excl. markets (%)	1.39	1.49	(10)bpts	1.42	1.35	7 bpts
Return on assets (%)	0.5	0.6	(10)bpts	0.6	0.5	10 bpts
Operating expenses to total operating income (%)	43.7	42.8	90 bpts	40.5	47.4	(690)bpts
Impairment expense annualised as a % of average GLAAs (%)	(0.04)	(0.12)	8 bpts	0.01	(0.08)	9 bpts
<b>Other information</b>						
Average interest earning assets (\$M)	161,385	137,843	17	159,593	163,148	(2)
Average interest earning assets excl. markets (\$M)	96,989	88,098	10	95,317	98,633	(3)
Risk weighted assets (\$M)	68,803	80,001	(14)	68,803	84,693	(19)
Troublesome and impaired assets (\$M)	198	513	(61)	198	187	6
Total committed exposures rated investment grade (%)	91.5	89.4	210 bpts	91.5	91.4	10 bpts
Spot number of full-time equivalent staff (FTE)	1,464	1,439	2	1,464	1,502	(3)

1 Interest earning lending assets include \$22,105 million of Cash Management Pooling Facilities (CMPF) (31 December 2022: \$18,324 million; 30 June 2022: \$20,156 million). Transaction deposits include \$42,837 million of CMPF liabilities (31 December 2022: \$38,033 million; 30 June 2022: \$37,718 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 Certificates of deposit and other include sale and repurchase agreements carried at fair value through Income Statement.

4 Debt issues and other includes liabilities at fair value.

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

# Divisional Performance (continued)

## Institutional Banking and Markets (continued)

### Financial Performance and Business Review

#### Year Ended June 2023 versus June 2022

Institutional Banking and Markets cash net profit after tax for the full year ended 30 June 2023 was \$1,031 million, a decrease of \$27 million or 3% on the prior year. The result was driven by a 4% increase in total operating income (6% increase excluding derivative valuation adjustments), a 6% increase in operating expenses and a 68% increase in loan impairment expense.

#### Net Interest Income

Net interest income was \$1,415 million, a decrease of \$132 million or 9% on the prior year. Excluding the Markets business, net interest income was \$1,345 million, an increase of \$36 million or 3% on the prior year. The result excluding Markets was driven by a 10 basis point decrease in net interest margin, partly offset by a 10% increase in average interest earning assets.

Excluding the Markets business, net interest margin decreased 10 basis points, reflecting:

- Lower institutional and structured lending margins due to higher funding costs;
- Unfavourable portfolio mix from an increase in lower margin pooled facilities; and
- Lower Structured Asset Finance revenue driven by the non-recurrence of residual value gains on shipping vessels under finance leases; partly offset by
- Higher deposits and equity earnings reflecting the rising interest rate environment.

#### Other Operating Income

Other operating income was \$976 million, an increase of \$219 million or 29% on the prior year, reflecting:

- Higher Markets trading income across Fixed Income, and Carbon and Commodities portfolios (offsetting increased funding costs in net interest income), partly offset by lower gains in Rates; and
- Higher Structured Asset Finance revenue mainly driven by gains from asset sales; partly offset by
- Unfavourable derivative valuation adjustments.

#### Operating Expenses

Operating expenses were \$1,046 million, an increase of \$60 million or 6% on the prior year. This was driven by inflation, investment in capabilities, increased IT spend, unfavourable FX and increased volume driven operations costs.

The number of full-time equivalent staff (FTE) increased by 25 or 2% on the prior year, from 1,439 to 1,464 mainly to support increased operational volumes, partly offset by workforce optimisation initiatives.

Investment spend focused on continuing to strengthen the operational risk and compliance framework, upgrading system infrastructure, responding to new regulatory requirements, and strategic initiatives.

The operating expenses to total operating income ratio was 43.7%, an increase of 90 basis points on the prior year, driven by higher operating expenses.

#### Loan Impairment Expense

Loan impairment expense increased \$75 million or 68% on the prior year to a benefit of \$36 million. This was primarily driven by higher collective provision releases in the prior year related to the aviation sector.

Loan impairment expense as a percentage of average gross loans and acceptances increased 8 basis points on the prior year to -0.04%.

Asset quality of the book has improved, with the percentage of the book rated as investment grade increasing 210 basis points to 91.5% driven by improved portfolio quality.

#### Balance Sheet

Key spot balance sheet movements included:

- Lending balance increase of \$0.7 billion or 1%, primarily driven by an increase in pooled facilities and growth in the real estate and commodities financing portfolios, partly offset by lower balances in the leasing and funds financing portfolios;
- Non-lending interest earning assets increase of \$5.1 billion or 8%, mainly driven by an increase in reverse sale and repurchase agreement balances in Markets reflecting greater client demand;
- Other assets and non-interest bearing liabilities decrease of \$7.8 billion or 23% and \$7.9 billion or 26% respectively, mainly driven by the revaluation of derivative assets and derivative liabilities due to foreign currency and interest rate movements. Derivative assets and derivative liabilities are required to be grossed up under accounting standards; and
- Total interest bearing deposits increase of \$18.3 billion or 10%, mainly driven by higher Investment and Transaction deposits (including pooled facilities), and an increase in sale and repurchase agreement balances in Markets to fund higher non-lending interest earning assets, partly offset by lower Savings deposits reflecting greater customer demand for higher yield investment deposits.

# Divisional Performance (continued)

## Institutional Banking and Markets (continued)

### Financial Performance and Business Review (continued)

#### Risk Weighted Assets

Risk weighted assets were \$68.8 billion, a decrease of \$11.2 billion or 14% on the prior year.

- Credit risk weighted assets decreased \$13.8 billion or 22%, primarily driven by the implementation of APRA's revised capital framework on 1 January 2023.
- Traded market risk weighted assets increased \$4.7 billion or 50%, due to the impact of client activity, market volatility and the APRA risk-not-in-VaR (RNIV) overlay.
- Operational risk weighted assets decreased \$2.1 billion or 33%, primarily driven by the adoption of the standardised measurement approach in line with APRA's revised capital framework, and the removal of the APRA add-on.

Institutional Banking and Markets generated \$485 million of organic capital<sup>1</sup> for the Group in the current year. This contributed 10 basis points to the Group's CET1 ratio.

#### Half Year Ended June 2023 versus December 2022

Cash net profit after tax for the half year ended 30 June 2023 was \$578 million, an increase of \$125 million or 28% on the prior half. The result was driven by a 14% increase in total operating income (12% increase excluding derivative valuation adjustments), a 2% decrease in operating expenses, and a \$42 million increase in loan impairment expense.

#### Net Interest Income

Net interest income was \$705 million, a decrease of \$5 million or 1% on the prior half. Excluding the Markets business, net interest income was \$672 million, broadly flat on the prior half. The result excluding Markets was driven by a 7 basis point increase in net interest margin, partly offset by a 3% decrease in average interest earning assets and the impact of three fewer calendar days in the current half.

Excluding the Markets business, net interest margin increased 7 basis points, reflecting:

- Higher deposits and equity earnings reflecting the rising interest rate environment; and
- Favourable portfolio mix from a decrease in lower margin pooled facilities.

#### Other Operating Income

Other operating income was \$570 million, an increase of \$164 million or 40% on the prior half, reflecting:

- Higher Markets trading and customer sales income across Fixed Income, Carbon and Commodities and Foreign exchange portfolios (offsetting increased funding costs in net interest income), partly offset by lower trading gains in Rates;
- Higher Structured Asset Finance revenue mainly driven by gains from asset sales;
- Favourable derivative valuation adjustments; and
- Higher lending fees and commissions from increased syndication and lending activities.

#### Operating Expenses

Operating expenses were \$517 million, a decrease of \$12 million or 2% on the prior half. This was driven by productivity initiatives, seasonally higher leave usage, and lower volume driven operations costs.

The number of FTE decreased by 38 or 3% on the prior half, from 1,502 to 1,464 mainly reflecting workforce optimisation.

The operating expenses to total operating income ratio decreased 690 basis points on the prior half to 40.5%, mainly driven by an increase in total operating income and lower operating expenses.

#### Loan Impairment Expense

Loan impairment expense was \$3 million, an increase of \$42 million on the prior half. This was driven by the non-recurrence of collective provision releases related to a number of industry sectors in the prior half.

Loan impairment expense as a percentage of average gross loans and acceptances increased 9 basis points on the prior half to 0.01%.

Total committed exposures rated as investment grade increased by 10 basis points to 91.5%.

#### Balance Sheet

Key spot balance sheet movements included:

- Lending balance decrease of \$1.5 billion or 2%, mainly driven by lower balances in the corporate lending and commodities financing portfolios;
- Non-lending interest earning assets increase of \$6.0 billion or 10%, primarily driven by an increase in reverse sale and repurchase agreement balances in Markets reflecting greater client demand;
- Other assets and non-interest bearing liabilities decrease of \$2.4 billion or 9% and \$4.3 billion or 16% respectively, mainly driven by the revaluation of derivative assets and derivative liabilities due to foreign currency and interest rate movements, and timing of unsettled trades; and
- Total interest bearing deposits increase of \$16.7 billion or 9%, driven by an increase in sale and repurchase agreement balances in Markets to fund higher non-lending interest earning assets, and higher Transaction (including pooled facilities), Investment and Savings deposits.

<sup>1</sup> Organic capital generation represents cash net profit after tax less the capital equivalent of the change in regulatory risk weighted assets (excluding impact of FX movements on Credit RWAs as they are capital neutral with offsetting impact in Foreign Currency Translation Reserves) used to generate those profits. Amounts quoted exclude the payment of dividends, the allocation of Operational RWA from the Enforceable Undertaking with APRA, and impacts from the implementation of APRA's revised capital framework on 1 January 2023.

# Divisional Performance (continued)

## Institutional Banking and Markets (continued)

### Financial Performance and Business Review (continued)

#### Risk Weighted Assets

Risk weighted assets decreased \$15.9 billion or 19% on the prior half.

- Credit risk weighted assets decreased \$16.4 billion or 25%, primarily driven by the implementation of APRA's revised capital framework on 1 January 2023, partly offset by higher derivative exposures.
- Traded market risk weighted assets increased \$1.6 billion or 13%, due to the impact of client activity, market volatility and the APRA risk-not-in-VaR (RNIV) overlay.
- Operational risk weighted assets decreased \$1.1 billion or 21%, primarily driven by the adoption of the standardised measurement approach in line with APRA's revised capital framework.

Institutional Banking and Markets generated \$655 million of organic capital<sup>1</sup> for the Group in the current half. This contributed 13 basis points to the Group's CET1 ratio.

<sup>1</sup> Organic capital generation represents cash net profit after tax less the capital equivalent of the change in regulatory risk weighted assets (excluding impact of FX movements on Credit RWAs as they are capital neutral with offsetting impact in Foreign Currency Translation Reserves) used to generate those profits. Amounts quoted exclude the payment of dividends and impacts from the implementation of APRA's revised capital framework on 1 January 2023.

# Divisional Performance (continued)

## New Zealand

### Overview

New Zealand primarily includes the banking and funds management businesses operating under the ASB brand. ASB provides a range of banking, wealth and insurance products and services to its personal, business and rural customers in New Zealand.

ASB serves the financial needs of its customers across multiple channels including an extensive network of branches, ATMs, contact centres, digital platforms and relationship managers.

	Full Year Ended <sup>1</sup>			Half Year Ended		
	30 Jun 23	30 Jun 22	Jun 23 vs Jun 22 %	30 Jun 23	31 Dec 22	Jun 23 vs Dec 22 %
<b>New Zealand (A\$M)</b>	<b>A\$M</b>	<b>A\$M</b>		<b>A\$M</b>	<b>A\$M</b>	
Net interest income	<b>2,668</b>	2,334	14	<b>1,304</b>	1,364	(4)
Other operating income <sup>2</sup>	<b>424</b>	497	(15)	<b>193</b>	231	(16)
Total operating income	<b>3,092</b>	2,831	9	<b>1,497</b>	1,595	(6)
Operating expenses	<b>(1,154)</b>	(1,042)	11	<b>(599)</b>	(555)	8
Loan impairment expense	<b>(59)</b>	(37)	59	<b>(14)</b>	(45)	(69)
Net profit before tax	<b>1,879</b>	1,752	7	<b>884</b>	995	(11)
Corporate tax expense	<b>(523)</b>	(487)	7	<b>(246)</b>	(277)	(11)
<b>Cash net profit after tax</b>	<b>1,356</b>	1,265	7	<b>638</b>	718	(11)

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

2 Other operating income disclosed in AUD includes realised gains or losses associated with the hedging of New Zealand operations earnings. The hedging of the New Zealand operations has ceased, and the hedges were fully matured in February 2023.

# Divisional Performance (continued)

## New Zealand (continued)

	Full Year Ended <sup>1</sup>			Half Year Ended		
	30 Jun 23	30 Jun 22	Jun 23 vs Jun 22 %	30 Jun 23	31 Dec 22	Jun 23 vs Dec 22 %
<b>New Zealand (NZ\$M)</b>	<b>NZ\$M</b>	<b>NZ\$M</b>		<b>NZ\$M</b>	<b>NZ\$M</b>	
Net interest income	2,909	2,499	16	1,417	1,492	(5)
Other operating income	476	525	(9)	213	263	(19)
Total operating income	3,385	3,024	12	1,630	1,755	(7)
Operating expenses	(1,261)	(1,112)	13	(650)	(611)	6
Loan impairment expense	(64)	(41)	56	(15)	(49)	(69)
Net profit before tax	2,060	1,871	10	965	1,095	(12)
Corporate tax expense	(576)	(518)	11	(269)	(307)	(12)
<b>Cash net profit after tax</b>	<b>1,484</b>	<b>1,353</b>	<b>10</b>	<b>696</b>	<b>788</b>	<b>(12)</b>
<b>Represented by:</b>						
ASB	1,550	1,418	9	728	822	(11)
Other <sup>2</sup>	(66)	(65)	(2)	(32)	(34)	6
<b>Cash net profit after tax</b>	<b>1,484</b>	<b>1,353</b>	<b>10</b>	<b>696</b>	<b>788</b>	<b>(12)</b>

	Full Year Ended <sup>1</sup>			Half Year Ended		
	30 Jun 23	30 Jun 22	Jun 23 vs Jun 22 %	30 Jun 23	31 Dec 22	Jun 23 vs Dec 22 %
<b>Key Financial Metrics <sup>3</sup></b>						
<b>Performance indicator</b>						
Operating expenses to total operating income (%)	37.3	36.8	50 bpts	39.9	34.8	large

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

<sup>2</sup> Other includes ASB funding entities and elimination entries between New Zealand segment entities.

<sup>3</sup> Key financial metrics are calculated in New Zealand dollar terms.

## Financial Performance and Business Review

### Year Ended June 2023 versus June 2022

New Zealand cash net profit after tax <sup>1</sup> for the full year ended 30 June 2023 was NZD1,484 million, an increase of NZD131 million or 10% on the prior year. The result was driven by a 12% increase in total operating income, a 13% increase in operating expenses and a 56% increase in loan impairment expense.

New Zealand generated AUD887 million of organic capital <sup>2</sup> for the Group in the current year. This contributed 18 basis points to the Group's CET1 ratio.

### Half Year Ended June 2023 versus December 2022

New Zealand cash net profit after tax <sup>1</sup> for the half year ended 30 June 2023 was NZD696 million, a decrease of NZD92 million or 12% on the prior half. The result was driven by a 7% decrease in total operating income, a 6% increase in operating expenses and a 69% decrease in loan impairment expense.

New Zealand generated AUD502 million of organic capital <sup>2</sup> for the Group in the current half. This contributed 11 basis points to the Group's CET1 ratio.

<sup>1</sup> The New Zealand result incorporates ASB and CBA cost allocations including capital charges and funding costs. The CBA Branch results relating to the Institutional Banking and Markets business in New Zealand are not included.

<sup>2</sup> Organic capital generation represents cash net profit after tax less the capital equivalent of the change in regulatory risk weighted assets (excluding impact of FX movements on Credit RWAs as they are capital neutral with offsetting impact in Foreign Currency Translation Reserves) used to generate those profits. Amounts quoted exclude the payment of dividends and impacts from the implementation of APRA's revised capital framework on 1 January 2023.

# Divisional Performance (continued)

## New Zealand (continued)

ASB (NZ\$M)	Full Year Ended <sup>1</sup>			Half Year Ended		
	30 Jun 23	30 Jun 22	Jun 23 vs	30 Jun 23	31 Dec 22	Jun 23 vs
	NZ\$M	NZ\$M	Jun 22 %	NZ\$M	NZ\$M	Dec 22 %
Net interest income	3,002	2,589	16	1,463	1,539	(5)
Other operating income	476	525	(9)	213	263	(19)
Total operating income	3,478	3,114	12	1,676	1,802	(7)
Operating expenses	(1,261)	(1,112)	13	(650)	(611)	6
Loan impairment expense	(64)	(41)	56	(15)	(49)	(69)
Net profit before tax	2,153	1,961	10	1,011	1,142	(11)
Corporate tax expense	(603)	(543)	11	(283)	(320)	(12)
<b>Cash net profit after tax</b>	<b>1,550</b>	<b>1,418</b>	<b>9</b>	<b>728</b>	<b>822</b>	<b>(11)</b>

Balance Sheet (NZ\$M)	As at				
	30 Jun 23	31 Dec 22	30 Jun 22	Jun 23 vs	Jun 23 vs
	NZ\$M	NZ\$M	NZ\$M	Dec 22 %	Jun 22 %
Home loans	74,093	73,438	72,055	1	3
Business lending	21,484	21,068	20,538	2	5
Rural lending	11,695	10,976	11,045	7	6
Other interest earning assets	1,662	1,678	1,611	(1)	3
Total lending interest earning assets	108,934	107,160	105,249	2	4
Non-lending interest earning assets	16,099	15,922	14,299	1	13
Other assets	1,752	1,327	1,904	32	(8)
<b>Total assets</b>	<b>126,785</b>	<b>124,409</b>	<b>121,452</b>	<b>2</b>	<b>4</b>
Interest bearing customer deposits	67,876	65,062	62,664	4	8
Debt issues	21,186	20,216	22,607	5	(6)
Other deposits <sup>2</sup>	8,992	9,227	6,950	(3)	29
Other interest bearing liabilities	2,755	3,188	2,502	(14)	10
Total interest bearing liabilities	100,809	97,693	94,723	3	6
Non-interest bearing customer deposits	10,490	12,083	13,175	(13)	(20)
Other non-interest bearing liabilities	2,562	2,531	1,955	1	31
<b>Total liabilities</b>	<b>113,861</b>	<b>112,307</b>	<b>109,853</b>	<b>1</b>	<b>4</b>

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

2 Other deposits include certificates of deposit, repurchase agreements and funding from RBNZ Funding for Lending Programme and Term Lending Facility.



# Divisional Performance (continued)

## New Zealand (continued)

ASB Key Financial Metrics <sup>2</sup>	Full Year Ended <sup>1</sup>			Half Year Ended		
	30 Jun 23	30 Jun 22	Jun 23 vs Jun 22 %	30 Jun 23	31 Dec 22	Jun 23 vs Dec 22 %
<b>Performance indicators</b>						
Net interest margin (%)	2.44	2.22	22 bpts	2.36	2.52	(16)bpts
Return on assets (%)	1.2	1.2	–	1.2	1.3	(10)bpts
Operating expenses to total operating income (%)	36.3	35.7	60 bpts	38.8	33.9	490 bpts
Impairment expense annualised as a % of average GLAAs (%)	0.06	0.04	2 bpts	0.03	0.09	(6)bpts
<b>Other information</b>						
Average interest earning assets	123,215	116,397	6	125,110	121,350	3
Risk weighted assets <sup>3</sup>	70,780	68,301	4	70,780	69,491	2
Risk weighted assets (A\$M) <sup>4</sup>	61,958	54,054	15	61,958	58,305	6
AUM - average <sup>5</sup>	20,646	21,647	(5)	20,876	20,353	3
AUM - spot <sup>5</sup>	21,307	19,980	7	21,307	20,212	5
90+ days home loan arrears (%)	0.34	0.21	13 bpts	0.34	0.22	12 bpts
90+ days consumer finance arrears (%)	0.49	0.53	(4)bpts	0.49	0.51	(2)bpts
Spot number of full-time equivalent staff (FTE)	6,016	5,879	2	6,016	5,898	2

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

2 Key financial metrics are calculated in New Zealand dollar terms unless otherwise stated.

3 Risk weighted assets calculated in accordance with RBNZ requirements.

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

5 On 11 February 2022, ASB sold the management rights of the ASB Superannuation Master Trust (SMT) to Smartshares Limited. The sale includes a transition period where ASB continues to provide investment management and administration services until the transition is complete. The AUM balances related to SMT therefore remain included in the ASB AUM balance at 30 June 2023.

# Divisional Performance (continued)

## New Zealand (continued)

### Financial Performance and Business Review

#### Year Ended June 2023 versus June 2022

ASB cash net profit after tax for the full year ended 30 June 2023 was NZD1,550 million, an increase of NZD132 million or 9% on the prior year. The result was driven by a 12% increase in total operating income, a 13% increase in operating expenses and a 56% increase in loan impairment expense.

#### Net Interest Income

Net interest income was NZD3,002 million, an increase of NZD413 million or 16% on the prior year. The increase was driven by a 10% increase in net interest margin and a 6% growth in average interest earning assets.

Net interest margin increased 22 basis points, reflecting:

- Higher deposit margins including earnings on replicated products, mainly due to the rising interest rate environment, partly offset by unfavourable mix as customers switch to higher yielding deposits; and
- Higher earnings on equity; partly offset by
- Unfavourable lending margins mainly from the impact of swap rates and home loan pricing competition, and unfavourable lending mix;
- Higher wholesale funding costs; and
- Lower income from Treasury related activities.

#### Other Operating Income

Other operating income was NZD476 million, a decrease of NZD49 million or 9% on the prior year, reflecting:

- Non-recurrence of the gain on sale of the management rights of the ASB Superannuation Master Trust (SMT);
- Reduced Funds Management Income mainly reflecting unfavourable market performance, impact from the sale of management rights of the SMT, and the removal of KiwiSaver administration fees from October 2021; and
- Lower service and lending fees due to fee removals and reductions on transaction accounts and overdrafts.

#### Operating Expenses

Operating expenses were NZD1,261 million, an increase of NZD149 million or 13% on the prior year. Excluding the impact of a provision released in the prior year relating to historical holiday pay, expenses increased 8% primarily driven by higher staff costs from wage inflation, increased full-time equivalent staff (FTE), higher IT spend and increased investment spend.

The number of full-time equivalent staff (FTE) increased by 137 or 2% on the prior year from 5,879 to 6,016 FTE to support investment in technology including financial crime and fraud prevention, and strategic priorities.

Investment spend continues to focus on regulatory compliance, customer experience initiatives and enhancing technology platforms.

The operating expenses to total operating income ratio for ASB was 36.3%, an increase of 60 basis points on the prior year driven by higher operating expenses. Excluding the impact of the provision released in the prior year relating to historical holiday pay, the ratio decreased by 120 basis points.

#### Loan Impairment Expense

Loan impairment expense was NZD64 million, an increase of NZD23 million or 56% on the prior year. This was mainly driven by higher collective and individually assessed provisions reflecting impact of inflationary and interest rate pressures, and a decline in house prices.

Home loan 90+ days arrears increased 13 basis points to 0.34% as cost of living pressures increased. Consumer finance 90+ days arrears balances remained broadly flat, however arrears rate decreased slightly by 4 basis points to 0.49%, reflecting limited new lending growth in a stable portfolio with sound credit quality.

#### Balance Sheet

Key spot balance sheet movements included:

- Home loan growth of NZD2.0 billion or 3%, below system growth in a highly competitive, low margin environment;
- Business loan growth of NZD0.9 billion or 5%, above system growth of 2% driven by increases in medium and large business lending;
- Rural loan growth of NZD0.7 billion or 6%, above system growth of 2%;
- Non-lending interest earning assets growth of NZD1.8 billion or 13% mainly driven by increased liquid assets;
- Total customer deposit growth of NZD2.5 billion or 3% (interest bearing and non-interest bearing), above system<sup>1</sup> growth, with greater customer demand for higher yielding deposits; and
- Other deposits growth of NZD2.0 billion or 29% predominantly driven by drawdowns of RBNZ Funding for Lending Programme and growth in certificates of deposit.

#### Risk Weighted Assets<sup>2</sup>

Risk weighted assets were NZD70.8 billion, an increase of NZD2.5 billion or 4% on the prior year.

- Credit risk weighted assets increased NZD1.2 billion or 2% predominantly driven by lending volume growth;
- Market risk weighted assets increased NZD1.0 billion or 40% primarily due to an increase in interest rate risk positions; and
- Operational risk weighted assets increased NZD0.3 billion or 4% predominantly due to increased volumes.

ASB generated AUD956 million of organic capital<sup>3</sup> for the Group in the current year. This contributed 20 basis points to the Group's CET1 ratio.

1 RBNZ system data includes institutional deposits which are excluded from the ASB division Balance Sheet.

2 Risk weighted assets reflect the New Zealand dollar amount calculated in accordance with RBNZ requirements.

3 Organic capital generation represents cash net profit after tax less the capital equivalent of the change in regulatory risk weighted assets (excluding impact of FX movements on Credit RWAs as they are capital neutral with offsetting impact in Foreign Currency Translation Reserves) used to generate those profits. Amounts quoted exclude the payment of dividends and impacts from the implementation of APRA's revised capital framework on 1 January 2023.

# Divisional Performance (continued)

## New Zealand (continued)

### Financial Performance and Business Review (continued)

#### Half Year Ended June 2023 versus December 2022

ASB cash net profit after tax for the half year ended 30 June 2023 was NZD728 million, a decrease of NZD94 million or 11% on the prior half. The result was driven by a 7% decrease in total operating income, a 6% increase in operating expenses and a 69% decrease in loan impairment expense.

#### Net Interest Income

Net interest income was NZD1,463 million, a decrease of NZD76 million or 5% on the prior half. This result was driven by a 6% decrease in net interest margin and the impact of three fewer calendar days in the current half, partly offset by a 3% growth in average interest earning assets.

Net interest margin decreased 16 basis points, reflecting:

- Unfavourable lending margins mainly from the impact of swap rates and home loan pricing competition;
- Higher wholesale funding costs; and
- Lower income from Treasury related activities; partly offset by
- Higher earnings on equity; and
- Higher deposit margins including earnings on replicated products, mainly due to the rising interest rate environment, partly offset by unfavourable mix as customers switch to higher yielding deposits.

#### Other Operating Income

Other operating income was NZD213 million, a decrease of NZD50 million or 19% on the prior half, reflecting:

- Lower Markets and Treasury earnings;
- Lower cards income mainly due to lower domestic interchange fees including the impact from a change in regulation and reduced spend volumes; and
- Lower service fees due to fee removals and reductions on various transaction accounts and overdrafts.

#### Operating Expenses

Operating expenses were NZD650 million, an increase of NZD39 million or 6% on the prior half. The increase was primarily driven by increased investment spend and higher staff costs from increased FTE.

The number of FTE increased by 118 or 2% on the prior half from 5,898 to 6,016 to support continued investment in technology including financial crime and fraud prevention and strategic priorities.

The operating expenses to total operating income ratio was 38.8%, an increase of 490 basis points on the prior half driven by lower operating income and higher total operating expenses.

#### Loan Impairment Expense

Loan impairment expense was NZD15 million, a decrease of NZD34 million or 69% on the prior half. This was primarily driven by lower collective provisions predominantly reflecting improved outlook for unemployment and house prices compared to the prior half, partly offset by higher individually assessed provision charges in the business portfolios.

Home loan 90+ days arrears increased 12 basis points to 0.34% as cost of living pressures increased. Consumer finance 90+ days arrears balances remained broadly flat, however arrears rate decreased slightly by 2 basis points to 0.49%, reflecting limited new lending growth in a stable portfolio with sound credit quality.

#### Balance Sheet

Key spot balance sheet movements included:

- Home loan growth of NZD0.7 billion or 1%, below system growth in a highly competitive, low margin environment;
- Business loan growth of NZD0.4 billion or 2%, above flat system growth;
- Rural loan growth of NZD0.7 billion or 7%, above system growth of 2%;
- Total customer deposit growth of NZD1.2 billion or 2% (interest bearing and non-interest bearing), above flat system<sup>1</sup> growth, with greater customer demand for higher yielding deposits.

#### Risk Weighted Assets<sup>2</sup>

Risk weighted assets increased NZD1.3 billion or 2% on the prior half.

- Market risk weighted assets increased NZD0.7 billion or 25% primarily due to an increase in interest rate risk positions;
- Credit risk weighted assets increased NZD0.5 billion or 1% predominantly driven by lending volume growth; and
- Operational risk weighted assets increased NZD0.1 billion or 1% predominantly due to increased volumes.

ASB generated AUD535 million of organic capital<sup>3</sup> for the Group in the current half. This contributed 12 basis points to the Group's CET1 ratio.

- 1 RBNZ system data includes institutional deposits which are excluded from the ASB division Balance Sheet.
- 2 Risk weighted assets reflect the New Zealand dollar amount calculated in accordance with RBNZ requirements.
- 3 Organic capital generation represents cash net profit after tax less the capital equivalent of the change in regulatory risk weighted assets (excluding impact of FX movements on Credit RWAs as they are capital neutral with offsetting impact in Foreign Currency Translation Reserves) used to generate those profits. Amounts quoted exclude the payment of dividends and impacts from the implementation of APRA's revised capital framework on 1 January 2023.

# Divisional Performance (continued)

## Corporate Centre and Other

### Overview

Corporate Centre and Other includes the results of the Group's centrally held minority investments and subsidiaries, Group-wide remediation costs, investment spend including enterprise-wide infrastructure and other strategic projects, employee entitlements, and unallocated revenue and expenses relating to the Bank's support functions including Treasury, Investor Relations, Group Strategy, Legal and Corporate Affairs and Bank-wide elimination entries arising on consolidation.

Centrally held minority investments and subsidiaries include the Group's offshore minority investments in China (Bank of Hangzhou and Qilu Bank), Vietnam (Vietnam International Bank), as well as its Indonesian banking subsidiary (PT Bank Commonwealth). They also include domestically held minority investments in Lendi Group and CFS as well as the strategic investments in x15ventures.

Treasury is primarily focused on the management of the Bank's interest rate risk, funding and liquidity requirements, and management of the Bank's capital.

The Treasury function includes:

- Portfolio Management: manages the interest rate risk of the Bank's non-traded Balance Sheet using transfer pricing to consolidate risk into Treasury, and hedging the residual mismatch between assets and liabilities using swaps, futures and options;
- Group Funding and Liquidity: manages the Bank's long-term and short-term wholesale funding requirements, and the Bank's prudent liquidity requirements; and
- Capital and Regulatory Strategy: manages the Bank's capital requirements.

Corporate Centre and Other (continuing operations, including eliminations)	Full Year Ended <sup>1</sup>			Half Year Ended		
	30 Jun 23 \$M	30 Jun 22 \$M	Jun 23 vs Jun 22 %	30 Jun 23 \$M	31 Dec 22 \$M	Jun 23 vs Dec 22 %
Net interest income	72	144	(50)	116	(44)	large
Other operating income	315	846	(63)	198	117	69
Underlying operating income	387	990	(61)	314	73	large
<i>Gain on sale of HZB shares <sup>2</sup></i>	–	516	n/a	–	–	–
Total operating income	387	1,506	(74)	314	73	large
Underlying operating expenses	(2,193)	(1,973)	11	(1,164)	(1,029)	13
<i>Restructuring, accelerated amort. and one-off item <sup>2</sup></i>	(212)	(389)	(46)	(212)	–	n/a
Total operating expenses	(2,405)	(2,362)	2	(1,376)	(1,029)	34
Loan impairment expense	(6)	(8)	(25)	(1)	(5)	(80)
Net loss before tax	(2,024)	(864)	large	(1,063)	(961)	11
Corporate tax benefit	670	213	large	390	280	39
<b>Cash net loss after tax</b>	<b>(1,354)</b>	<b>(651)</b>	<b>large</b>	<b>(673)</b>	<b>(681)</b>	<b>(1)</b>

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

<sup>2</sup> Refer to page 11 for further information.

# Divisional Performance (continued)

## Corporate Centre and Other (continued)

### Financial Performance and Business Review

#### Year Ended June 2023 versus June 2022

Corporate Centre and Other cash net loss after tax for the full year ended 30 June 2023 was \$1,354 million, an increase of \$703 million on the prior year. The result was primarily driven by a 74% decrease in total operating income (underlying operating income decreased by 61%), a 2% increase in operating expenses (underlying operating expenses increased by 11%) and a broadly flat loan impairment expense.

#### Net Interest Income

Net interest income was \$72 million, a decrease of \$72 million or 50% on the prior year. This was primarily driven by reduced PTBC lending earnings from lower volume and higher funding costs, lower Treasury earnings due to the impact of rising rates, and higher funding costs for corporate assets.

#### Other Operating Income<sup>1</sup>

Other operating income was \$315 million, a decrease of \$531 million or 63% on the prior year. This was mainly driven by the cessation of equity accounting following the partial sale of HZB, higher equity accounted losses from CFS reflecting challenging investment market conditions and increased investment spend, and lower gains from sale of Treasury liquid assets.

#### Operating Expenses<sup>1</sup>

Operating expenses were \$2,193 million, an increase of \$220 million or 11% on the prior year. This was primarily driven by inflation, increased resources, IT and other spend to deliver centrally held technology and strategic priorities, and higher remediation costs.

#### Loan Impairment Expense

Loan impairment expense was \$6 million, broadly flat on the prior year.

#### Risk Weighted Assets

Risk weighted assets were \$45.3 billion, a decrease of \$4.7 billion or 9% on the prior year.

- IRRBB risk weighted assets decreased \$2.5 billion or 6%, primarily driven by lower embedded losses as a result of lower swap rates.
- Operational risk weighted assets decreased \$1.6 billion or 55% primarily driven by the adoption of the standardised measurement approach in line with APRA's revised capital framework.
- Credit risk weighted assets decreased by \$0.6 billion or 8%.

Corporate Centre consumed \$8,188 million of organic capital<sup>2</sup> for the Group in the current year, largely due to the payment of dividends. This impacted the Group's CET1 ratio by 170 basis points.

#### Half Year Ended June 2023 versus December 2022

Cash net loss after tax for the half year ended 30 June 2023 was \$673 million, a decrease of \$8 million or 1% on the prior half. The result was primarily driven by a \$241 million increase in total operating income, a 34% increase in operating expenses (underlying operating expenses increased by 13%) and a \$4 million decrease in loan impairment expense.

#### Net Interest Income

Net interest income was \$116 million, an increase of \$160 million on the prior half. This was primarily driven by higher Treasury earnings mainly from interest rate risk management activities and higher earnings on equity hedges.

#### Other Operating Income

Other operating income was \$198 million, an increase of \$81 million or 69% on the prior half. This was mainly driven by higher equity accounted profits from minority investments partly offset by lower gains from sale of Treasury liquid assets.

#### Operating Expenses<sup>1</sup>

Operating expenses were \$1,164 million, an increase of \$135 million or 13% on the prior half. This was primarily driven by increased investment in resources, IT and other spend to deliver centrally held technology and strategic priorities, and timing of employee entitlements.

#### Loan Impairment Expense

Loan impairment expense was \$1 million, a decrease of \$4 million on the prior half. This was mainly due to lower individually assessed provisions in PTBC.

#### Risk Weighted Assets

Risk weighted assets decreased \$1.5 billion or 3% on the prior half.

- IRRBB risk weighted assets decreased \$1.1 billion or 3%, primarily driven by lower embedded losses as a result of lower swap rates.
- Operational risk weighted assets decreased \$0.9 billion or 41% primarily driven by the adoption of the standardised measurement approach in line with APRA's revised capital framework.
- Credit risk weighted assets increased \$0.5 billion or 8%.

Corporate Centre consumed \$4,222 million of organic capital<sup>2</sup> for the Group in the current half, largely due to the payment of a dividend. This impacted the Group's CET1 ratio by 90 basis points.

<sup>1</sup> Presented on an underlying basis.

<sup>2</sup> Organic capital generation represents cash net profit after tax less the capital equivalent of the change in regulatory risk weighted assets (excluding impact of FX movements on Credit RWAs as they are capital neutral with offsetting impact in Foreign Currency Translation Reserves) used to generate those profits. Amounts quoted exclude the allocation of Operational RWA from the Enforceable Undertaking with APRA and impacts from the implementation of APRA's revised capital framework on 1 January 2023.

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# Financial Statements



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# Contents

## 6. Financial Statements

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Consolidated Income Statement	66
Consolidated Statement of Comprehensive Income	67
Consolidated Balance Sheet	68
Consolidated Statement of Changes in Equity	69
Consolidated Statement of Cash Flows	70

# Financial Statements

## Consolidated Income Statement

For the year ended 30 June 2023

	Appendix	Full Year Ended <sup>1</sup>		Half Year Ended	
		30 Jun 23	30 Jun 22	30 Jun 23	31 Dec 22
		\$M	\$M	\$M	\$M
Interest income:					
Effective interest income	1.1	43,182	23,987	23,881	19,301
Other interest income	1.1	1,293	306	969	324
Interest expense	1.1	(21,419)	(4,820)	(13,431)	(7,988)
Net interest income		23,056	19,473	11,419	11,637
Net other operating income <sup>2</sup>	1.5	4,474	5,463	2,163	2,311
<b>Total net operating income before operating expenses and impairment</b>		<b>27,530</b>	24,936	<b>13,582</b>	13,948
Operating expenses	1.6	(12,079)	(11,609)	(6,087)	(5,992)
Loan impairment (expense)/benefit	2.2	(1,108)	357	(597)	(511)
<b>Net profit before income tax</b>		<b>14,343</b>	13,684	<b>6,898</b>	7,445
Income tax expense	1.7	(4,155)	(4,011)	(1,926)	(2,229)
<b>Net profit after income tax from continuing operations</b>		<b>10,188</b>	9,673	<b>4,972</b>	5,216
Net (loss)/profit after income tax from discontinued operations		(98)	1,098	(27)	(71)
<b>Net profit attributable to equity holders of the Bank</b>		<b>10,090</b>	10,771	<b>4,945</b>	5,145

<sup>1</sup> Comparative information has been revised to reflect the change in presentation. For further details refer to Note 1.1 in the 2023 Annual Report.

<sup>2</sup> Net other operating income is presented net of directly attributable fees and commission expenses, depreciation and impairment charges.

The above Consolidated Income Statement should be read in conjunction with the accompanying appendices.

Earnings per share for profit attributable to equity holders of the Bank during the year:

	Full Year Ended		Half Year Ended	
	30 Jun 23	30 Jun 22	30 Jun 23	31 Dec 22
	Cents per Share		Cents per Share	
Earnings per share from continuing operations:				
Basic	603.0	561.7	295.1	307.8
Diluted	589.3	541.5	292.3	298.7
Earnings per share:				
Basic	597.2	625.4	293.5	303.6
Diluted	583.8	601.4	290.7	294.8

# Financial Statements (continued)

## Consolidated Statement of Comprehensive Income

For the year ended 30 June 2023

	Full Year Ended		Half Year Ended	
	30 Jun 23	30 Jun 22	30 Jun 23	31 Dec 22
	\$M	\$M	\$M	\$M
<b>Net profit after income tax for the period from continuing operations</b>	<b>10,188</b>	9,673	<b>4,972</b>	5,216
<b>Other comprehensive income/(expense):</b>				
<b>Items that may be reclassified subsequently to profit/(loss):</b>				
Foreign currency translation reserve net of tax	191	(240)	(104)	295
Losses on cash flow hedging instruments net of tax	(961)	(1,326)	(584)	(377)
(Losses)/gains on debt investment securities at fair value through other comprehensive income net of tax	(230)	(503)	19	(249)
<b>Total of items that may be reclassified</b>	<b>(1,000)</b>	(2,069)	<b>(669)</b>	(331)
<b>Items that will not be reclassified to profit/(loss):</b>				
Actuarial (losses)/gains from defined benefit superannuation plans net of tax	(12)	76	8	(20)
Losses on equity investment securities at fair value through other comprehensive income net of tax	(264)	(1,627)	(107)	(157)
Revaluation of properties net of tax	19	30	19	–
<b>Total of items that will not be reclassified</b>	<b>(257)</b>	(1,521)	<b>(80)</b>	(177)
<b>Other comprehensive income net of income tax from continuing operations</b>	<b>(1,257)</b>	(3,590)	<b>(749)</b>	(508)
<b>Total comprehensive income for the period from continuing operations</b>	<b>8,931</b>	6,083	<b>4,223</b>	4,708
Net (loss)/profit after income tax for the period from discontinued operations	(98)	1,098	(27)	(71)
<b>Total comprehensive income for the period</b>	<b>8,833</b>	7,181	<b>4,196</b>	4,637

	Full Year Ended		Half Year Ended	
	30 Jun 23	30 Jun 22	30 Jun 23	31 Dec 22
	Cents per Share		Cents per Share	
Dividends per share attributable to shareholders of the Bank:				
Ordinary shares	450	385	240	210

# Financial Statements (continued)

## Consolidated Balance Sheet

As at 30 June 2023

	Appendix	As at		
		30 Jun 23 \$M	31 Dec 22 \$M	30 Jun 22 \$M
<b>Assets</b>				
Cash and liquid assets		116,619	156,140	161,154
Receivables from financial institutions		6,079	7,598	6,845
Assets at fair value through Income Statement		67,627	24,885	25,315
Derivative assets		23,945	29,668	35,736
Investment securities:				
At amortised cost		2,032	2,581	3,217
At fair value through Other Comprehensive Income		84,072	80,202	79,086
Assets held for sale		5	3	1,322
Loan and other receivables	2.1	926,082	906,324	878,854
Property, plant and equipment		4,950	5,068	4,887
Investments in associates and joint ventures		2,848	2,751	2,801
Intangible assets	6.1	7,393	7,136	6,899
Deferred tax assets		3,811	3,283	3,173
Other assets		7,382	6,797	5,971
<b>Total assets</b>		<b>1,252,845</b>	<b>1,232,436</b>	<b>1,215,260</b>
<b>Liabilities</b>				
Deposits and other public borrowings	3.1	864,995	879,152	857,586
Payables to financial institutions		21,910	19,863	26,052
Liabilities at fair value through Income Statement		40,103	7,015	7,271
Derivative liabilities		25,347	33,194	33,899
Current tax liabilities		671	305	263
Deferred tax liabilities		138	137	150
Liabilities held for sale		–	–	1,183
Provisions		3,013	3,163	3,636
Term funding from central banks		54,220	56,011	54,807
Debt issues		122,267	118,843	116,902
Bills payable and other liabilities		15,578	13,314	12,656
		<b>1,148,242</b>	<b>1,130,997</b>	<b>1,114,405</b>
Loan capital		32,598	28,896	28,017
<b>Total liabilities</b>		<b>1,180,840</b>	<b>1,159,893</b>	<b>1,142,422</b>
<b>Net assets</b>		<b>72,005</b>	<b>72,543</b>	<b>72,838</b>
<b>Shareholders' Equity</b>				
Ordinary share capital	4.2	33,913	35,140	36,467
Reserves	4.2	(1,710)	(986)	(460)
Retained profits	4.2	39,797	38,384	36,826
<b>Shareholders' Equity attributable to equity holders of the Bank</b>		<b>72,000</b>	<b>72,538</b>	<b>72,833</b>
Non-controlling interests	4.2	5	5	5
<b>Total Shareholders' Equity</b>		<b>72,005</b>	<b>72,543</b>	<b>72,838</b>

The above Consolidated Balance Sheet should be read in conjunction with the accompanying appendices.

# Financial Statements (continued)

## Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

	Ordinary share capital \$M	Reserves \$M	Retained profits \$M	Total \$M	Non- controlling interests \$M	Total Shareholders' Equity \$M
<b>As at 31 December 2021</b>	36,949	2,848	34,861	<b>74,658</b>	5	<b>74,663</b>
Net profit after income tax from continuing operations	–	–	4,932	<b>4,932</b>	–	<b>4,932</b>
Net profit after income tax from discontinued operations	–	–	(31)	<b>(31)</b>	–	<b>(31)</b>
Net other comprehensive income from continuing operations	–	(3,348)	52	<b>(3,296)</b>	–	<b>(3,296)</b>
Total comprehensive income for the period	–	(3,348)	4,953	<b>1,605</b>	–	<b>1,605</b>
Transactions with equity holders in their capacity as equity holders:						
Share buy-back <sup>1</sup>	(470)	–	–	<b>(470)</b>	–	<b>(470)</b>
Dividends paid on ordinary shares	–	–	(2,987)	<b>(2,987)</b>	–	<b>(2,987)</b>
Share-based payments	–	39	–	<b>39</b>	–	<b>39</b>
Purchase of treasury shares	(15)	–	–	<b>(15)</b>	–	<b>(15)</b>
Sale and vesting of treasury shares	3	–	–	<b>3</b>	–	<b>3</b>
Other changes	–	1	(1)	–	–	–
<b>As at 30 June 2022</b>	36,467	(460)	36,826	<b>72,833</b>	5	<b>72,838</b>
Net profit after income tax from continuing operations	–	–	5,216	<b>5,216</b>	–	<b>5,216</b>
Net profit after income tax from discontinued operations	–	–	(71)	<b>(71)</b>	–	<b>(71)</b>
Net other comprehensive income from continuing operations	–	(488)	(20)	<b>(508)</b>	–	<b>(508)</b>
Total comprehensive income for the period	–	(488)	5,125	<b>4,637</b>	–	<b>4,637</b>
Transactions with equity holders in their capacity as equity holders:						
Share buy-back <sup>1</sup>	(1,331)	–	–	<b>(1,331)</b>	–	<b>(1,331)</b>
Dividends paid on ordinary shares	–	–	(3,571)	<b>(3,571)</b>	–	<b>(3,571)</b>
Share-based payments	–	(34)	–	<b>(34)</b>	–	<b>(34)</b>
Purchase of treasury shares	(69)	–	–	<b>(69)</b>	–	<b>(69)</b>
Sale and vesting of treasury shares	73	–	–	<b>73</b>	–	<b>73</b>
Other changes	–	(4)	4	–	–	–
<b>As at 31 December 2022</b>	35,140	(986)	38,384	<b>72,538</b>	5	<b>72,543</b>
Net profit after income tax from continuing operations	–	–	4,972	<b>4,972</b>	–	<b>4,972</b>
Net profit after income tax from discontinued operations	–	–	(27)	<b>(27)</b>	–	<b>(27)</b>
Net other comprehensive income from continuing operations	–	(757)	8	<b>(749)</b>	–	<b>(749)</b>
Total comprehensive income for the period	–	(757)	4,953	<b>4,196</b>	–	<b>4,196</b>
Transactions with equity holders in their capacity as equity holders:						
Share buy-back <sup>1</sup>	(1,202)	–	–	<b>(1,202)</b>	–	<b>(1,202)</b>
Dividends paid on ordinary shares	–	–	(3,546)	<b>(3,546)</b>	–	<b>(3,546)</b>
Share-based payments	–	39	–	<b>39</b>	–	<b>39</b>
Purchase of treasury shares	(32)	–	–	<b>(32)</b>	–	<b>(32)</b>
Sale and vesting of treasury shares	7	–	–	<b>7</b>	–	<b>7</b>
Other changes	–	(6)	6	–	–	–
<b>As at 30 June 2023</b>	33,913	(1,710)	39,797	<b>72,000</b>	5	<b>72,005</b>

<sup>1</sup> On 9 February 2022, the Group announced its intention to conduct an on-market share buy-back of up to \$2 billion. As at 30 June 2022, the Group has bought back a total of 4,853,197 ordinary shares (\$468 million) at an average price of \$96.42. The Group recognised \$3 million transaction costs in relation to the capital returns. On 15 February 2023, the Group announced its intention to undertake an on-market share buy-back of up to \$1 billion of CBA ordinary shares in addition to the \$2 billion announcement on 9 February 2022. During the year ended 30 June 2023, the Group completed the previously announced \$3 billion on-market buy backs and bought back a total of 25,369,084 ordinary shares (\$2,532 million) at an average price of \$99.81. The Group recognised \$1 million in transaction costs in relation to the capital returns. The shares bought back were subsequently cancelled.

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying appendices.

# Financial Statements (continued)

## Consolidated Statement of Cash Flows

For the year ended 30 June 2023

	Full Year Ended <sup>1, 2</sup>	
	30 Jun 23	30 Jun 22
	\$M	\$M
<b>Cash flows from operating activities</b>		
Interest received	43,286	24,744
Interest paid	(18,212)	(4,432)
Other operating income received	3,240	3,562
Expenses paid	(11,207)	(11,027)
Income taxes paid	(3,871)	(3,530)
Insurance business:		
Investment income	–	(6)
Premiums received <sup>3</sup>	183	698
Policy payments and commission expense <sup>3</sup>	(208)	(620)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>	<b>13,211</b>	<b>9,389</b>
<b>Changes in operating assets and liabilities arising from cash flow movements</b>		
Movement in investment securities:		
Purchases	(34,641)	(34,472)
Proceeds	30,050	34,957
Net (increase)/decrease in assets at fair value through Income Statement (excluding insurance)	(36,874)	14,587
Net increase in loan and other receivables	(46,102)	(68,250)
Net decrease/(increase) in receivables from financial institutions	1,230	(1,747)
Net decrease/(increase) in securities purchased under agreements to resell at amortised cost	34,690	(29,888)
Net increase in other assets	(943)	(795)
Net increase in deposits and other public borrowings	38,385	79,739
Net (decrease)/increase in payables to financial institutions	(5,258)	7,425
Net (decrease)/increase in securities sold under agreements to repurchase at amortised cost	(34,996)	13,846
Net increase/(decrease) in other liabilities at fair value through Income Statement	32,814	(1,516)
Net increase/(decrease) in other liabilities	44	(35)
<b>Changes in operating assets and liabilities arising from cash flow movements</b>	<b>(21,601)</b>	<b>13,851</b>
<b>Net cash (used in)/provided by operating activities</b>	<b>(8,390)</b>	<b>23,240</b>
<b>Cash flows from investing activities</b>		
Cash inflows from disposals of associates and joint ventures	–	1,789
Cash outflows from acquisitions of associates and joint ventures	(41)	(256)
Cash inflows from disposal of controlled entities (net of cash disposed of)	567	1,975
Dividends received	95	30
Proceeds from sales of property, plant and equipment	74	108
Purchases of property, plant and equipment	(683)	(231)
Purchases of intangible assets	(885)	(746)
<b>Net cash (used in)/provided by investing activities</b>	<b>(873)</b>	<b>2,669</b>

1 It should be noted that the Group does not use this accounting Statement of Cash Flows in the internal management of its liquidity positions.

2 Includes discontinued operations.

3 Represents gross premiums and policy payments before splitting between policy holders and shareholders.

# Financial Statements (continued)

## Consolidated Statement of Cash Flows (continued)

For the year ended 30 June 2023

	Full Year Ended <sup>1,2</sup>	
	30 Jun 23 \$M	30 Jun 22 \$M
<b>Cash flows from financing activities</b>		
Share buy-backs	(2,533)	(6,471)
Dividends paid (excluding Dividend Reinvestment Plan)	(7,117)	(6,535)
Proceeds from issuance of debt securities	51,833	61,921
Redemption of debt securities	(49,329)	(45,879)
(Maturity of)/proceeds from term funding from central banks	(598)	2,951
Purchases of treasury shares	(101)	(76)
Sales of treasury shares	–	48
Proceeds from issuance of loan capital	7,665	6,815
Redemption of loan capital	(3,043)	(6,540)
Payments for the principal portion of lease liabilities	(525)	(523)
<b>Net cash (used in)/provided by financing activities</b>	<b>(3,748)</b>	<b>5,711</b>
Net (decrease)/increase in cash and cash equivalents	(13,011)	31,620
Effect of foreign exchange rates on cash and cash equivalents	828	355
Cash and cash equivalents at beginning of year	119,355	87,380
<b>Cash and cash equivalents at end of year</b>	<b>107,172</b>	<b>119,355</b>

1 It should be noted that the Group does not use this accounting Statement of Cash Flows in the internal management of its liquidity positions.

2 Includes discontinued operations.

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying appendices.

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# Appendices

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# Contents

## 7. Appendices

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1. Our Performance	
1.1 Net Interest Income	74
1.2 Net Interest Margin	76
1.3 Average Balances and Related Interest	77
1.4 Interest Rate and Volume Analysis	83
1.5 Other Operating Income	87
1.6 Operating Expenses	88
1.7 Income Tax Expense	89
2. Our Lending Activities	
2.1 Loans and Other Receivables	90
2.2 Provisions for Impairment and Asset Quality	92
3. Our Deposits and Funding Activities	
3.1 Deposits and Other Public Borrowings	95
4. Our Capital, Equity and Reserves	
4.1 Capital	96
4.2 Shareholders' Equity	99
4.3 Share Capital	102
5. Risk Management	
5.1 Integrated Risk Management	103
5.2 Counterparty and Other Credit Risk Exposures	108
6. Other Information	
6.1 Intangible Assets	109
6.2 ASX Appendix 4E	110
6.3 Profit Reconciliation	116
6.4 Analysis Template	119
6.5 Foreign Exchange Rates	122
6.6 Definitions	123

# Appendices

## 1. Our Performance

### Overview

The Group earns its returns from providing a broad range of banking products and services to retail and wholesale customers in Australia, New Zealand and other jurisdictions.

Lending and deposit taking are the Group's primary business activities with net interest income being the main contributor to the Group's results. Net interest income is derived from the difference between interest earned on lending and investment assets and interest incurred on customer deposits and wholesale debt raised to fund these assets.

The Group further generates income from lending fees and commissions, and trading activities. It also incurs costs associated with running the business such as staff, occupancy and technology related expenses.

The Performance section provides details of the main contributors to the Group's returns and analysis of its financial performance by business segments and geographical regions.

### 1.1 Net Interest Income (continuing operations basis)

	Full Year Ended			Half Year Ended		
	30 Jun 23 \$M	30 Jun 22 \$M	Jun 23 vs Jun 22 %	30 Jun 23 \$M	31 Dec 22 \$M	Jun 23 vs Dec 22 %
<b>Interest Income</b>						
Effective interest income:						
Loans and bills discounted	35,820	23,173	55	19,665	16,155	22
Other financial institutions	206	20	large	62	144	(57)
Cash and liquid assets	4,115	254	large	2,336	1,779	31
Investment securities:						
At amortised cost	101	49	large	51	50	2
At fair value through Other Comprehensive Income	2,940	491	large	1,767	1,173	51
<b>Total effective interest income</b>	<b>43,182</b>	<b>23,987</b>	<b>80</b>	<b>23,881</b>	<b>19,301</b>	<b>24</b>
Other:						
Assets at fair value through Income Statement	1,190	201	large	916	274	large
Other	103	105	(2)	53	50	6
<b>Total interest income</b>	<b>44,475</b>	<b>24,293</b>	<b>83</b>	<b>24,850</b>	<b>19,625</b>	<b>27</b>
<b>Interest Expense</b>						
Deposits	12,726	2,420	large	8,070	4,656	73
Other financial institutions	844	94	large	512	332	54
Liabilities at fair value through Income Statement	634	105	large	552	82	large
Term funding from central banks	257	99	large	151	106	42
Debt issues	4,873	997	large	2,983	1,890	58
Loan capital	1,615	687	large	933	682	37
Lease liabilities	77	75	3	39	38	3
Bank levy	393	343	15	191	202	(5)
<b>Total interest expense</b>	<b>21,419</b>	<b>4,820</b>	<b>large</b>	<b>13,431</b>	<b>7,988</b>	<b>68</b>
<b>Net interest income</b>	<b>23,056</b>	<b>19,473</b>	<b>18</b>	<b>11,419</b>	<b>11,637</b>	<b>(2)</b>

# Appendices (continued)

## 1.1 Net Interest Income (continued)

### ACCOUNTING POLICIES

Interest income and interest expense on financial assets and liabilities measured at amortised cost, and debt financial assets measured at fair value through OCI, are recognised using the effective interest method. Interest income recognition for these categories of financial assets depends on the expected credit losses (ECL) stage they are allocated to in accordance with the Group's ECL methodology. For financial assets classified within Stage 1 and Stage 2 interest income is calculated by applying the effective interest rate to the gross carrying amount of the assets. Interest income on financial assets in Stage 3 is recognised by applying the effective interest rate to the gross carrying amount net of provisions for impairment. For details on the Group's ECL methodology refer to Note 3.2 of the 2023 Annual Report.

Fees, transaction costs and issue costs integral to financial assets and liabilities are capitalised and included in the interest recognised over the expected life of the instrument. This includes establishment fees for providing a loan or a lease arrangement. Facility and line fees in relation to commitments made under credit facilities where drawdown is assessed as probable are considered an integral part of effective interest rate and recognised in net interest income.

Interest income on finance leases is recognised progressively over the life of the lease, consistent with the outstanding investment and unearned income balance.

Interest income and expense on financial assets and liabilities that are classified at fair value through the Income Statement are accounted for on a contractual rate basis and include amortisation of premium/discounts.

Interest expense also includes payments made under a liquidity facility arrangement with the Reserve Bank of Australia, the Major Bank Levy (Bank Levy) expense and other financing charges.

## Appendices (continued)

### 1.2 Net Interest Margin (continuing operations basis)

	Full Year Ended		Half Year Ended	
	30 Jun 23	30 Jun 22	30 Jun 23	31 Dec 22
	%	%	%	%
<b>Australia</b>				
Interest spread <sup>1, 2</sup>	1.65	1.82	1.54	1.76
Benefit of interest-free liabilities, provisions and equity <sup>3</sup>	0.40	0.09	0.48	0.32
<b>Net interest margin</b> <sup>2, 4</sup>	<b>2.05</b>	1.91	<b>2.02</b>	2.08
<b>New Zealand</b>				
Interest spread <sup>1, 2</sup>	1.90	1.93	1.74	2.05
Benefit of interest-free liabilities, provisions and equity <sup>3</sup>	0.41	0.17	0.50	0.33
<b>Net interest margin</b> <sup>2, 4</sup>	<b>2.31</b>	2.10	<b>2.24</b>	2.38
<b>Other Overseas</b>				
Interest spread <sup>1, 2</sup>	0.56	0.54	0.56	0.56
Benefit of interest-free liabilities, provisions and equity <sup>3</sup>	–	–	–	–
<b>Net interest margin</b> <sup>2, 4</sup>	<b>0.56</b>	0.54	<b>0.56</b>	0.56
<b>Total Group</b>				
Interest spread <sup>1</sup>	1.67	1.80	1.56	1.78
Benefit of interest-free liabilities, provisions and equity <sup>3</sup>	0.40	0.10	0.49	0.32
<b>Net interest margin</b> <sup>4</sup>	<b>2.07</b>	1.90	<b>2.05</b>	2.10

1 Difference between the average interest rate earned and the average interest rate paid on funds.

2 Interest spread and margin calculations have been adjusted to include intragroup borrowings to more appropriately reflect the overseas cost of funds.

3 A portion of the Group's interest earning assets is funded by net interest-free liabilities and shareholders' equity. The benefit to the Group of these interest-free funds is the amount it would cost to replace them at the average cost of funds.

4 Net interest income divided by average interest earning assets for the full year or the half year annualised.

## Appendices (continued)

### 1.3 Average Balances and Related Interest (continuing operations basis)

The following tables list the major categories of interest earning assets and interest bearing liabilities of the Group together with the respective interest earned or paid and the average interest rate for each of the full years ended 30 June 2023 and 30 June 2022. Averages used were predominantly daily averages. Interest is accounted for based on product yield.

Where assets or liabilities are hedged, the interest amounts are shown net of the hedge, however individual items not separately hedged may be affected by movements in exchange rates.

The New Zealand and Other Overseas components comprise overseas branches of the Group and overseas domiciled controlled entities. Non-accrual loans are included in interest earning assets under loans and other receivables.

During the financial year ended 30 June 2023 the official cash rate in Australia has increased 325 basis points on a spot basis, while in New Zealand the official cash rate has increased 350 basis points on a spot basis.

	Full Year Ended 30 Jun 23			Full Year Ended 30 Jun 22		
	Avg Bal \$M	Interest \$M	Yield %	Avg Bal \$M	Interest \$M	Yield %
<b>Interest Earning Assets</b>						
Home loans <sup>1</sup>	565,189	23,802	4.21	538,122	14,747	2.74
Consumer finance <sup>2</sup>	16,681	1,636	9.81	16,319	1,603	9.82
Business and corporate loans	254,731	10,485	4.12	230,101	6,928	3.01
<b>Loans and other receivables</b>	<b>836,601</b>	<b>35,923</b>	<b>4.29</b>	<b>784,542</b>	<b>23,278</b>	<b>2.97</b>
Cash and other liquid assets <sup>3</sup>	166,908	4,817	2.89	133,405	274	0.21
Assets at fair value through Income Statement	24,106	694	2.88	24,228	201	0.83
Investment securities:						
At fair value through other comprehensive income	81,038	2,940	3.63	80,797	491	0.61
At amortised cost	2,601	101	3.88	3,938	49	1.24
<b>Non-lending interest earning assets</b>	<b>274,653</b>	<b>8,552</b>	<b>3.11</b>	<b>242,368</b>	<b>1,015</b>	<b>0.42</b>
<b>Total interest earning assets <sup>4</sup></b>	<b>1,111,254</b>	<b>44,475</b>	<b>4.00</b>	<b>1,026,910</b>	<b>24,293</b>	<b>2.37</b>
Non-interest earning assets <sup>1</sup>	122,237			119,775		
Assets held for sale	466			2,094		
<b>Total average assets</b>	<b>1,233,957</b>			<b>1,148,779</b>		

1 Home loans are reported net of average mortgage offset balances of \$69,717 million for the full year ended 30 June 2023 (\$64,748 million for the full year ended 30 June 2022), which are included in non-interest earning assets. While these balances are required to be grossed up under accounting standards, they are netted down for the calculation of customer interest payments and the calculation of the Group's net interest margin.

2 Consumer finance includes personal loans, credit cards and margin loans.

3 Cash and other liquid assets includes reverse sale and repurchase agreements carried at fair value through Income Statement.

4 Used for calculating net interest margin.





# Appendices (continued)

## 1.3 Average Balances and Related Interest (continued)

	Full Year Ended 30 Jun 23			Full Year Ended 30 Jun 22		
	Avg Bal \$M	Interest \$M	Yield %	Avg Bal \$M	Interest \$M	Yield %
<b>Geographical Analysis of Key Categories <sup>1</sup></b>						
<b>Loans and other receivables</b>						
Australia	720,419	30,160	4.19	667,934	19,460	2.91
New Zealand	100,720	4,831	4.80	99,368	3,315	3.34
Other Overseas	15,462	932	6.03	17,240	503	2.92
<b>Total</b>	<b>836,601</b>	<b>35,923</b>	<b>4.29</b>	<b>784,542</b>	<b>23,278</b>	<b>2.97</b>
<b>Non-lending interest earning assets</b>						
Australia	200,881	6,134	3.05	187,205	697	0.37
New Zealand	14,529	644	4.43	13,006	138	1.06
Other Overseas	59,243	1,774	2.99	42,157	180	0.43
<b>Total</b>	<b>274,653</b>	<b>8,552</b>	<b>3.11</b>	<b>242,368</b>	<b>1,015</b>	<b>0.42</b>
<b>Total interest bearing deposits</b>						
Australia	572,064	9,760	1.71	518,636	1,653	0.32
New Zealand	69,764	1,388	1.99	65,328	544	0.83
Other Overseas	41,290	2,007	4.86	31,011	223	0.72
<b>Total</b>	<b>683,118</b>	<b>13,155</b>	<b>1.93</b>	<b>614,975</b>	<b>2,420</b>	<b>0.39</b>
<b>Other interest bearing liabilities</b>						
Australia	194,990	6,800	3.49	188,646	1,879	1.00
New Zealand	26,412	1,322	5.01	28,316	521	1.84
Other Overseas	14,146	142	1.00	9,758	-	-
<b>Total</b>	<b>235,548</b>	<b>8,264</b>	<b>3.51</b>	<b>226,720</b>	<b>2,400</b>	<b>1.06</b>

<sup>1</sup> The New Zealand and Other Overseas components comprise overseas branches of the Group and overseas domiciled controlled entities.

# Appendices (continued)

## 1.3 Average Balances and Related Interest (continued)

	Half Year Ended 30 Jun 23			Half Year Ended 31 Dec 22			Half Year Ended 30 Jun 22		
	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield
	\$M	\$M	%	\$M	\$M	%	\$M	\$M	%
<b>Interest Earning Assets</b>									
Home loans <sup>1</sup>	572,660	13,091	4.61	557,840	10,711	3.81	546,148	7,406	2.73
Consumer finance <sup>2</sup>	16,912	833	9.93	16,455	803	9.68	16,363	785	9.67
Business and corporate loans	257,928	5,794	4.53	251,585	4,691	3.70	234,775	3,421	2.94
<b>Loans and other receivables</b>	<b>847,500</b>	<b>19,718</b>	<b>4.69</b>	<b>825,880</b>	<b>16,205</b>	<b>3.89</b>	<b>797,286</b>	<b>11,612</b>	<b>2.94</b>
Cash and other liquid assets <sup>3</sup>	165,431	2,894	3.53	168,360	1,923	2.27	145,146	231	0.32
Assets at fair value through Income Statement	24,722	420	3.43	23,500	274	2.31	22,510	130	1.16
Investment securities:									
At fair value through other comprehensive income	82,665	1,767	4.31	79,438	1,173	2.93	77,554	292	0.76
At amortised cost	2,349	51	4.38	2,849	50	3.48	3,566	29	1.64
<b>Non-lending interest earning assets</b>	<b>275,167</b>	<b>5,132</b>	<b>3.76</b>	<b>274,147</b>	<b>3,420</b>	<b>2.47</b>	<b>248,776</b>	<b>682</b>	<b>0.55</b>
<b>Total interest earning assets</b> <sup>4</sup>	<b>1,122,667</b>	<b>24,850</b>	<b>4.46</b>	<b>1,100,027</b>	<b>19,625</b>	<b>3.54</b>	<b>1,046,062</b>	<b>12,294</b>	<b>2.37</b>
Non-interest earning assets <sup>1</sup>	117,472			126,923			124,474		
Assets held for sale	–			925			2,253		
<b>Total average assets</b>	<b>1,240,139</b>			<b>1,227,875</b>			<b>1,172,789</b>		

1 Home loans are reported net of average mortgage offset balances of \$70,794 million for the half year ended 30 June 2023 (\$68,658 million for the half year ended 31 December 2022; \$66,537 million for the half year ended 30 June 2022), which are included in non-interest earning assets. While these balances are required to be grossed up under accounting standards, they are netted down for the calculation of customer interest payments and the calculation of the Group's net interest margin.

2 Consumer finance includes personal loans, credit cards and margin loans.

3 Cash and other liquid assets includes reverse sale and repurchase agreements carried at fair value through Income Statement.

4 Used for calculating net interest margin.

# Appendices (continued)

## 1.3 Average Balances and Related Interest (continued)

	Half Year Ended 30 Jun 23			Half Year Ended 31 Dec 22			Half Year Ended 30 Jun 22		
	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield
	\$M	\$M	%	\$M	\$M	%	\$M	\$M	%
<b>Interest Bearing Liabilities</b>									
Transaction deposits <sup>1</sup>	130,129	1,479	2.29	133,974	847	1.25	125,292	181	0.29
Savings deposits <sup>1</sup>	266,160	2,249	1.70	262,398	978	0.74	264,594	203	0.15
Investment deposits	218,487	3,704	3.42	191,577	2,014	2.09	159,181	591	0.75
Certificates of deposit and other <sup>2</sup>	81,620	1,067	2.64	82,107	817	1.97	74,261	243	0.66
<b>Total interest bearing deposits</b>	<b>696,396</b>	<b>8,499</b>	<b>2.46</b>	<b>670,056</b>	<b>4,656</b>	<b>1.38</b>	<b>623,328</b>	<b>1,218</b>	<b>0.39</b>
Payables to financial institutions	22,195	512	4.65	24,185	332	2.72	23,270	70	0.61
Liabilities at fair value through Income Statement	6,732	123	3.68	7,123	82	2.28	7,465	67	1.81
Term funding from central banks	55,920	151	0.54	55,284	106	0.38	54,030	56	0.21
Debt issues	121,050	2,983	4.97	113,956	1,890	3.29	116,099	586	1.02
Loan capital	30,538	933	6.16	28,593	682	4.73	28,845	357	2.50
Lease liabilities	2,723	39	2.89	2,856	38	2.64	2,939	37	2.54
Bank levy	–	191	–	–	202	–	–	178	–
<b>Total interest bearing liabilities</b>	<b>935,554</b>	<b>13,431</b>	<b>2.90</b>	<b>902,053</b>	<b>7,988</b>	<b>1.76</b>	<b>855,976</b>	<b>2,569</b>	<b>0.61</b>
Non-interest bearing liabilities <sup>1</sup>	232,311			252,301			241,990		
Liabilities held for sale	–			831			1,073		
<b>Total average liabilities</b>	<b>1,167,865</b>			<b>1,155,185</b>			<b>1,099,039</b>		

	Half Year Ended 30 Jun 23			Half Year Ended 31 Dec 22			Half Year Ended 30 Jun 22		
	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield
	\$M	\$M	%	\$M	\$M	%	\$M	\$M	%
<b>Net Interest Margin</b>									
Total interest earning assets	1,122,667	24,850	4.46	1,100,027	19,625	3.54	1,046,062	12,294	2.37
Total interest bearing liabilities	935,554	13,431	2.90	902,053	7,988	1.76	855,976	2,569	0.61
<b>Net interest income and interest spread</b>		<b>11,419</b>	<b>1.56</b>		<b>11,637</b>	<b>1.78</b>		<b>9,725</b>	<b>1.76</b>
Benefit of free funds			<b>0.49</b>			<b>0.32</b>			<b>0.11</b>
<b>Net interest margin</b>			<b>2.05</b>			<b>2.10</b>			<b>1.87</b>

<sup>1</sup> Transaction and savings deposits exclude average mortgage offset balances of \$70,794 million for the half year ended 30 June 2023 (\$68,658 million for the half year ended 31 December 2022; \$66,537 million for the half year ended 30 June 2022), which are included in non-interest bearing liabilities.

<sup>2</sup> Certificates of deposit and other includes sale and repurchase agreements carried at fair value through Income Statement.

# Appendices (continued)

## 1.3 Average Balances and Related Interest (continued)

Geographical Analysis of Key Categories <sup>1</sup>	Half Year Ended 30 Jun 23			Half Year Ended 31 Dec 22			Half Year Ended 30 Jun 22		
	Avg Bal \$M	Interest \$M	Yield %	Avg Bal \$M	Interest \$M	Yield %	Avg Bal \$M	Interest \$M	Yield %
<b>Loans and other receivables</b>									
Australia	730,635	16,579	4.58	710,369	13,581	3.79	681,299	9,663	2.86
New Zealand	102,055	2,614	5.17	99,408	2,217	4.42	98,938	1,687	3.44
Other Overseas	14,810	525	7.15	16,103	407	5.01	17,049	262	3.10
<b>Total</b>	<b>847,500</b>	<b>19,718</b>	<b>4.69</b>	<b>825,880</b>	<b>16,205</b>	<b>3.89</b>	<b>797,286</b>	<b>11,612</b>	<b>2.94</b>
<b>Non-lending interest earning assets</b>									
Australia	198,607	3,646	3.70	203,118	2,488	2.43	189,163	445	0.47
New Zealand	15,235	396	5.24	13,834	248	3.56	12,646	94	1.50
Other Overseas	61,325	1,090	3.58	57,195	684	2.37	46,967	143	0.61
<b>Total</b>	<b>275,167</b>	<b>5,132</b>	<b>3.76</b>	<b>274,147</b>	<b>3,420</b>	<b>2.47</b>	<b>248,776</b>	<b>682</b>	<b>0.55</b>
<b>Total interest bearing deposits</b>									
Australia	581,825	6,358	2.20	562,460	3,402	1.20	522,540	770	0.30
New Zealand	71,894	856	2.40	67,668	532	1.56	65,512	284	0.87
Other Overseas	42,677	1,285	6.07	39,928	722	3.59	35,276	164	0.94
<b>Total</b>	<b>696,396</b>	<b>8,499</b>	<b>2.46</b>	<b>670,056</b>	<b>4,656</b>	<b>1.38</b>	<b>623,328</b>	<b>1,218</b>	<b>0.39</b>
<b>Other interest bearing liabilities</b>									
Australia	198,693	4,038	4.10	191,346	2,762	2.86	193,970	1,059	1.10
New Zealand	26,194	785	6.04	26,629	537	4.00	27,371	298	2.20
Other Overseas	14,271	109	1.54	14,022	33	0.47	11,307	(6)	(0.11)
<b>Total</b>	<b>239,158</b>	<b>4,932</b>	<b>4.16</b>	<b>231,997</b>	<b>3,332</b>	<b>2.85</b>	<b>232,648</b>	<b>1,351</b>	<b>1.17</b>

<sup>1</sup> The New Zealand and Other Overseas components comprise overseas branches of the Group and overseas domiciled controlled entities.

## Appendices (continued)

### 1.4 Interest Rate and Volume Analysis (continuing operations basis)

The following tables show the movement in interest income and expense due to changes in volume and interest rates. Volume variances reflect the change in interest from the prior year due to movement in the average balance. Rate variances reflect the change in interest from the prior year due to changes in interest rates.

	Full Year Ended Jun 23 vs Jun 22		
	Volume \$M	Rate \$M	Total \$M
<b>Interest Earning Assets</b> <sup>1</sup>			
Home loans	1,140	7,915	9,055
Consumer finance	36	(3)	33
Business and corporate loans	1,014	2,543	3,557
<b>Loans and other receivables</b>	<b>2,235</b>	<b>10,410</b>	<b>12,645</b>
Cash and other liquid assets	967	3,576	4,543
Assets at fair value through Income Statement	(4)	497	493
Investment securities:			
At fair value through other comprehensive income	9	2,440	2,449
At amortised cost	(52)	104	52
<b>Non-lending interest earning assets</b>	<b>1,005</b>	<b>6,532</b>	<b>7,537</b>
<b>Total interest earning assets</b>	<b>3,376</b>	<b>16,806</b>	<b>20,182</b>

	Full Year Ended Jun 23 vs Jun 22		
	Volume \$M	Rate \$M	Total \$M
<b>Interest Bearing Liabilities</b> <sup>1</sup>			
Transaction deposits	117	1,923	2,040
Savings deposits	21	2,793	2,814
Investment deposits	1,309	3,144	4,453
Certificates of deposit and other	297	1,131	1,428
<b>Total interest bearing deposits</b>	<b>1,312</b>	<b>9,423</b>	<b>10,735</b>
Payables to financial institutions	36	714	750
Liabilities at fair value through Income Statement	(34)	134	100
Term funding from central banks	11	147	158
Debt issues	266	3,610	3,876
Loan capital	20	908	928
Lease liabilities	(6)	8	2
Bank levy	–	50	50
<b>Total interest bearing liabilities</b>	<b>1,795</b>	<b>14,804</b>	<b>16,599</b>

	Full Year Ended Jun 23 vs Jun 22 Increase/(Decrease)	
	\$M	
<b>Change in Net Interest Income</b>		
Due to changes in average volume of interest earning assets		1,750
Due to changes in interest margin		1,833
Due to variation in time period		–
<b>Change in net interest income</b>		<b>3,583</b>

<sup>1</sup> "Rate" reflects the change due to movements in yield assuming average volume is consistent across the two periods. "Volume" reflects the change due to balance growth assuming the average rate is consistent across the two periods and the impact of variation in calendar days. The volume and rate variances for total interest earning assets and total interest bearing liabilities have been calculated separately (rather than being the sum of the individual categories).

# Appendices (continued)

## 1.4 Interest Rate and Volume Analysis (continued)

	Full Year Ended Jun 23 vs Jun 22		
	Volume \$M	Rate \$M	Total \$M
<b>Geographical Analysis of Key Categories <sup>1</sup></b>			
<b>Loans and other receivables</b>			
Australia	2,197	8,503	10,700
New Zealand	65	1,451	1,516
Other Overseas	(107)	536	429
<b>Total</b>	<b>2,235</b>	<b>10,410</b>	<b>12,645</b>
<b>Non-lending interest earning assets</b>			
Australia	418	5,019	5,437
New Zealand	68	438	506
Other Overseas	512	1,082	1,594
<b>Total</b>	<b>1,005</b>	<b>6,532</b>	<b>7,537</b>
<b>Total interest bearing deposits</b>			
Australia	912	7,195	8,107
New Zealand	88	756	844
Other Overseas	500	1,284	1,784
<b>Total</b>	<b>1,312</b>	<b>9,423</b>	<b>10,735</b>
<b>Other interest bearing liabilities</b>			
Australia	221	4,700	4,921
New Zealand	(95)	896	801
Other Overseas	44	98	142
<b>Total</b>	<b>310</b>	<b>5,554</b>	<b>5,864</b>

<sup>1</sup> "Rate" reflects the change due to movements in yield assuming average volume is consistent across the two periods. "Volume" reflects the change due to balance growth assuming the average rate is consistent across the two periods and the impact of variation in calendar days. The volume and rate variances for total interest earning assets and total interest bearing liabilities have been calculated separately (rather than being the sum of the individual categories).

# Appendices (continued)

## 1.4 Interest Rate and Volume Analysis (continued)

	Half Year Ended Jun 23 vs Dec 22			Half Year Ended Jun 23 vs Jun 22		
	Volume \$M	Rate \$M	Total \$M	Volume \$M	Rate \$M	Total \$M
<b>Interest Earning Assets <sup>1</sup></b>						
Home loans	164	2,216	2,380	606	5,079	5,685
Consumer finance	9	21	30	27	21	48
Business and corporate loans	66	1,037	1,103	520	1,853	2,373
<b>Loans and other receivables</b>	239	3,274	3,513	1,168	6,938	8,106
Cash and other liquid assets	(83)	1,054	971	355	2,308	2,663
Assets at fair value through Income Statement	16	130	146	38	252	290
Investment securities:						
At fair value through other comprehensive income	50	544	594	109	1,366	1,475
At amortised cost	(12)	13	1	(26)	48	22
<b>Non-lending interest earning assets</b>	(37)	1,749	1,712	492	3,958	4,450
<b>Total interest earning assets</b>	181	5,044	5,225	1,696	10,860	12,556

	Half Year Ended Jun 23 vs Dec 22			Half Year Ended Jun 23 vs Jun 22		
	Volume \$M	Rate \$M	Total \$M	Volume \$M	Rate \$M	Total \$M
<b>Interest Bearing Liabilities <sup>1</sup></b>						
Transaction deposits	(58)	690	632	55	1,243	1,298
Savings deposits	16	1,255	1,271	13	2,033	2,046
Investment deposits	423	1,267	1,690	1,005	2,108	3,113
Certificates of deposit and other	(20)	270	250	96	728	824
<b>Total interest bearing deposits</b>	246	3,597	3,843	892	6,389	7,281
Payables to financial institutions	(51)	231	180	(25)	467	442
Liabilities at fair value through Income Statement	(8)	49	41	(13)	69	56
Term funding from central banks	–	45	45	5	90	95
Debt issues	144	949	1,093	122	2,275	2,397
Loan capital	48	203	251	52	524	576
Lease liabilities	(3)	4	1	(3)	5	2
Bank levy	(3)	(8)	(11)	–	13	13
<b>Total interest bearing liabilities</b>	351	5,092	5,443	1,142	9,720	10,862

	Half Year Ended	
	Jun 23 vs Dec 22 Increase/(Decrease) \$M	Jun 23 vs Jun 22 Increase/(Decrease) \$M
<b>Change in Net Interest Income</b>		
Due to changes in average volume of interest earning assets	231	779
Due to changes in interest margin	(259)	915
Due to variation in time periods	(190)	–
<b>Change in net interest income</b>	(218)	1,694

1 "Rate" reflects the change due to movements in yield assuming average volume is consistent across the two periods. "Volume" reflects the change due to balance movements assuming the average rate is consistent across the two periods and the impact of variation in calendar days. The volume and rate variances for total interest earning assets and total interest bearing liabilities have been calculated separately (rather than being the sum of the individual categories).

# Appendices (continued)

## 1.4 Interest Rate and Volume Analysis (continued)

	Half Year Ended Jun 23 vs Dec 22			Half Year Ended Jun 23 vs Jun 22		
	Volume \$M	Rate \$M	Total \$M	Volume \$M	Rate \$M	Total \$M
<b>Geographical Analysis of Key Categories <sup>1</sup></b>						
<b>Loans and other receivables</b>						
Australia	238	2,760	2,998	1,119	5,797	6,916
New Zealand	32	365	397	80	847	927
Other Overseas	(52)	170	118	(79)	342	263
<b>Total</b>	<b>239</b>	<b>3,274</b>	<b>3,513</b>	<b>1,168</b>	<b>6,938</b>	<b>8,106</b>
<b>Non-lending interest earning assets</b>						
Australia	(123)	1,281	1,158	173	3,028	3,201
New Zealand	32	116	148	67	235	302
Other Overseas	62	344	406	255	692	947
<b>Total</b>	<b>(37)</b>	<b>1,749</b>	<b>1,712</b>	<b>492</b>	<b>3,958</b>	<b>4,450</b>
<b>Total interest bearing deposits</b>						
Australia	156	2,800	2,956	648	4,940	5,588
New Zealand	42	282	324	76	496	572
Other Overseas	71	492	563	223	898	1,121
<b>Total</b>	<b>246</b>	<b>3,597</b>	<b>3,843</b>	<b>892</b>	<b>6,389</b>	<b>7,281</b>
<b>Other interest bearing liabilities</b>						
Australia	104	1,172	1,276	96	2,883	2,979
New Zealand	(22)	270	248	(35)	522	487
Other Overseas	1	75	76	23	92	115
<b>Total</b>	<b>93</b>	<b>1,507</b>	<b>1,600</b>	<b>134</b>	<b>3,447</b>	<b>3,581</b>

1 "Rate" reflects the change due to movements in yield assuming average volume is consistent across the two periods. "Volume" reflects the change due to balance movements assuming the average rate is consistent across the two periods and the impact of variation in calendar days. The volume and rate variances for total interest earning assets and total interest bearing liabilities have been calculated separately (rather than being the sum of the individual categories).



# Appendices (continued)

## 1.5 Other Operating Income (continuing operations basis)

	Full Year Ended <sup>1</sup>			Half Year Ended		
	30 Jun 23	30 Jun 22	Jun 23 vs Jun 22 %	30 Jun 23	31 Dec 22	Jun 23 vs Dec 22 %
	\$M	\$M		\$M	\$M	
Commissions	1,980	2,078	(5)	967	1,013	(5)
Lending fees	753	736	2	396	357	11
Trading income	1,095	806	36	582	513	13
Net gain/(loss) on non-trading financial instruments <sup>2</sup>	268	420	(36)	(75)	343	(large)
Net (loss)/gain on sale of property, plant and equipment	(4)	12	(large)	–	(4)	large
Net gain/(loss) from hedging ineffectiveness	1	4	(75)	7	(6)	large
Dividends	25	–	n/a	–	25	(large)
Share of profit of associates and joint ventures net of impairment <sup>3</sup>	113	1,012	(89)	128	(15)	large
Net insurance and funds management income <sup>4</sup>	82	208	(61)	54	28	93
Other <sup>5,6</sup>	161	187	(14)	104	57	82
<b>Total other operating income - "statutory basis"</b>	<b>4,474</b>	<b>5,463</b>	<b>(18)</b>	<b>2,163</b>	<b>2,311</b>	<b>(6)</b>

1 Comparative information has been revised to reflect the change in presentation. For further details refer to Note 1.1 in the 2023 Annual Report.

2 Includes gains/(losses) on non-trading derivatives that are held for risk management purposes.

3 The year ended 30 June 2022 includes a pre-tax gain of \$516 million arising from the partial disposal of 10% interest in Bank of Hangzhou and reclassification of the retained 5.6% interest to Investment securities at fair value through other comprehensive income.

4 Includes Net funds management income of \$107 million (30 June 2022: \$135 million) and Net insurance expense of \$25 million (Net insurance income 30 June 2022: \$73 million).

5 Other operating income includes depreciation of \$63 million for the full year ended 30 June 2023 (30 June 2022: \$61 million) and \$31 million for the half year ended 30 June 2023 (31 December 2022: \$32 million) in relation to assets held for lease as lessor by the Group.

6 Other operating income includes a \$6 million impairment loss recognised in the full year ended 30 June 2023 (30 June 2022: \$68 million impairment reversal) and \$10 million impairment loss recognised in the half year ended 30 June 2023 (31 December 2022: \$4 million impairment reversal) in relation to certain aircraft owned by the Group and leased to various airlines.

### Other Operating Income – Reconciliation of Cash and Statutory Basis

The table below sets out various accounting impacts arising from the application of AASB 139 *Financial Instruments: Recognition and Measurement* to the Group's derivative hedging activities and other non-cash items.

	Full Year Ended <sup>1</sup>			Half Year Ended		
	30 Jun 23	30 Jun 22	Jun 23 vs Jun 22 %	30 Jun 23	31 Dec 22	Jun 23 vs Dec 22 %
	\$M	\$M		\$M	\$M	
<b>Other operating income - "cash basis"</b>	<b>4,181</b>	<b>5,216</b>	<b>(20)</b>	<b>2,225</b>	<b>1,956</b>	<b>14</b>
Revenue hedge of New Zealand operations - unrealised	13	(40)	large	5	8	(38)
Hedging and IFRS volatility	(12)	215	(large)	(39)	27	(large)
Gain/(loss) on disposal and acquisition of entities net of transaction costs	292	72	large	(28)	320	(large)
<b>Other operating income - "statutory basis"</b>	<b>4,474</b>	<b>5,463</b>	<b>(18)</b>	<b>2,163</b>	<b>2,311</b>	<b>(6)</b>

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

# Appendices (continued)

## 1.6 Operating Expenses (continuing operations basis)

	Full Year Ended <sup>1</sup>			Half Year Ended		
	30 Jun 23 \$M	30 Jun 22 \$M	Jun 23 vs Jun 22 %	30 Jun 23 \$M	31 Dec 22 \$M	Jun 23 vs Dec 22 %
<b>Staff expenses</b>						
Salaries and related on-costs	6,563	5,955	10	3,363	3,200	5
Share-based compensation	123	111	11	60	63	(5)
Superannuation	553	516	7	279	274	2
<b>Total staff expenses</b>	<b>7,239</b>	<b>6,582</b>	<b>10</b>	<b>3,702</b>	<b>3,537</b>	<b>5</b>
<b>Occupancy and equipment expenses</b>						
Lease expenses <sup>2</sup>	159	141	13	78	81	(4)
Depreciation of property, plant and equipment	602	640	(6)	295	307	(4)
Other occupancy expenses	189	197	(4)	98	91	8
<b>Total occupancy and equipment expenses</b>	<b>950</b>	<b>978</b>	<b>(3)</b>	<b>471</b>	<b>479</b>	<b>(2)</b>
<b>Information technology services</b>						
System development and support	1,068	990	8	515	553	(7)
Infrastructure and support	331	335	(1)	160	171	(6)
Communications	129	156	(17)	63	66	(5)
Amortisation and write-offs of software assets <sup>3</sup>	395	761	(48)	212	183	16
IT equipment depreciation	113	117	(3)	60	53	13
<b>Total information technology services</b>	<b>2,036</b>	<b>2,359</b>	<b>(14)</b>	<b>1,010</b>	<b>1,026</b>	<b>(2)</b>
<b>Other expenses</b>						
Postage and stationery	138	131	5	71	67	6
Transaction processing and market data	93	94	(1)	44	49	(10)
Fees and commissions:						
Professional fees	454	538	(16)	223	231	(3)
Other	92	127	(28)	51	41	24
Advertising and marketing	262	227	15	144	118	22
Non-lending losses	274	292	(6)	136	138	(1)
Other	320	100	large	233	87	large
<b>Total other expenses</b>	<b>1,633</b>	<b>1,509</b>	<b>8</b>	<b>902</b>	<b>731</b>	<b>23</b>
<b>Operating expenses before separation and transaction costs <sup>4</sup></b>	<b>11,858</b>	<b>11,428</b>	<b>4</b>	<b>6,085</b>	<b>5,773</b>	<b>5</b>
Separation and transaction costs	221	181	22	2	219	(99)
<b>Total operating expenses</b>	<b>12,079</b>	<b>11,609</b>	<b>4</b>	<b>6,087</b>	<b>5,992</b>	<b>2</b>

<sup>1</sup> Comparative information has been revised to reflect the change in presentation. For further details refer to Note 1.1 in the 2023 Annual Report.

<sup>2</sup> The full year ended 30 June 2023 includes rentals of \$56 million in relation to short-term and low value leases (full year ended 30 June 2022: \$59 million), and variable lease payments based on usage or performance of \$5 million (full year ended 30 June 2022: \$11 million).

<sup>3</sup> The full year ended 30 June 2022 includes the impact of \$389 million of accelerated amortisation.

<sup>4</sup> The full year ended 30 June 2023 includes the impact of \$212 million of restructuring and regulatory provision.

# Appendices (continued)

## 1.7 Income Tax Expense (continuing operations basis)

	Full Year Ended <sup>1</sup>		Half Year Ended	
	30 Jun 23	30 Jun 22	30 Jun 23	31 Dec 22
	\$M	\$M	\$M	\$M
<b>Profit before income tax</b>	<b>14,343</b>	13,684	<b>6,898</b>	7,445
Prima facie income tax at 30%	<b>4,303</b>	4,105	<b>2,069</b>	2,234
<b>Effect of amounts which are non-deductible/(non-assessable) in calculating taxable income:</b>				
Offshore tax rate differential	<b>(63)</b>	(47)	<b>(37)</b>	(26)
Offshore banking unit	<b>(52)</b>	(47)	<b>(6)</b>	(46)
Effect of changes in tax rates	<b>(6)</b>	17	<b>(6)</b>	–
Income tax over provided in previous years	<b>(178)</b>	(40)	<b>(159)</b>	(19)
Gain on disposals	<b>19</b>	60	<b>(1)</b>	20
Hybrid capital distributions	<b>112</b>	53	<b>65</b>	47
Other	<b>20</b>	(90)	<b>1</b>	19
<b>Total income tax expense</b>	<b>4,155</b>	4,011	<b>1,926</b>	2,229
<b>Effective tax rate (%)</b>	<b>29.0</b>	29.3	<b>27.9</b>	29.9

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

# Appendices (continued)

## 2. Our Lending Activities

### Overview

Lending is the Group's primary business activity, generating most of its net interest income and lending fees. The Group satisfies customers' needs for borrowed funds by providing a broad range of lending products in Australia, New Zealand and other jurisdictions. As a result of its lending activities, the Group assumes credit risk arising from the potential that it will not receive the full amount owed.

This section provides details of the Group's lending portfolio by type of product and geographic regions, analysis of the credit quality of the Group's lending portfolio and the related impairment provisions.

### 2.1 Loans and Other Receivables

	As at		
	30 Jun 23 \$M	31 Dec 22 \$M	30 Jun 22 \$M
<b>Australia</b>			
Overdrafts	26,218	22,130	24,170
Home loans <sup>1,2</sup>	583,827	570,427	556,499
Credit card outstandings	9,052	9,045	8,711
Lease financing	3,451	3,230	3,297
Term loans and other lending	193,446	190,269	176,960
<b>Total Australia</b>	<b>815,994</b>	<b>795,101</b>	<b>769,637</b>
<b>New Zealand</b>			
Overdrafts	991	970	844
Home loans <sup>1,2</sup>	68,054	68,546	65,072
Credit card outstandings	880	922	838
Term loans and other lending	32,550	32,661	31,534
<b>Total New Zealand</b>	<b>102,475</b>	<b>103,099</b>	<b>98,288</b>
<b>Other Overseas</b>			
Overdrafts	53	84	162
Home loans <sup>1</sup>	337	353	422
Term loans and other lending	14,392	14,198	16,454
<b>Total Other Overseas</b>	<b>14,782</b>	<b>14,635</b>	<b>17,038</b>
<b>Gross loans and other receivables</b>	<b>933,251</b>	<b>912,835</b>	<b>884,963</b>
<b>Less:</b>			
Provisions for loan impairment:			
Collective provisions	(5,037)	(4,763)	(4,494)
Individually assessed provisions	(754)	(641)	(736)
Unearned income:			
Term loans	(1,089)	(868)	(680)
Lease financing	(289)	(239)	(199)
	<b>(7,169)</b>	<b>(6,511)</b>	<b>(6,109)</b>
<b>Net loans and other receivables</b>	<b>926,082</b>	<b>906,324</b>	<b>878,854</b>

1 Home loans are presented gross of mortgage offset balances, which are required to be grossed up under accounting standards, but are netted down for the calculation of customer interest payments.

2 Home loans balance includes residential mortgages that have been assigned to securitisation vehicles and covered bond trusts. Further details on these residential mortgages are disclosed in Note 4.5 of the 2023 Annual Report.

# Appendices (continued)

## 2.1 Loans and Other Receivables (continued)

### ACCOUNTING POLICIES

Loans and other receivables include overdrafts, home loans, credit cards and other personal lending and term loans. These financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows. The contractual cash flows on these financial assets comprise the payment of principal and interest only. These instruments are accordingly measured at amortised cost.

Loans and other receivables, consistent with the Group's policy for all financial assets measured at amortised cost, are recognised on settlement date, when funding is advanced to the borrowers. They are initially recognised at their fair value plus directly attributable transaction costs such as broker fees and commissions. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method and are presented net of provisions for impairment. The accounting policy for provisions for impairment is in Appendix 2.2. For more information on the Group's management of credit risk, refer to Note 9.2 of the 2023 Annual Report.

Finance leases, where the Group acts as lessor, are also included in Loans and other receivables. Finance leases are those where substantially all the risks and rewards of the lease asset have been transferred to the lessee. Lease receivables are recognised at an amount equal to the net investment in the lease. Finance lease income reflects a constant periodic return on this net investment and is recognised within Other interest income in the Income Statement.

### Critical accounting judgements and estimates

When applying this effective interest method the Group has estimated the behavioural term of each loan portfolio by reference to historical prepayment rates and the contractual maturity.

# Appendices (continued)

## 2.2 Provisions for Impairment and Asset Quality

	As at 30 June 2023			
	Home Loans	Other Personal <sup>1</sup>	Other Commercial Industrial	Total
	\$M	\$M	\$M	\$M
<b>Loans which were past due but not impaired <sup>2</sup></b>				
Past due 1 - 29 days	9,584	375	1,785	11,744
Past due 30 - 59 days	1,863	124	291	2,278
Past due 60 - 89 days	910	87	168	1,165
Past due 90 - 179 days	1,154	–	245	1,399
Past due 180 days or more	1,261	–	392	1,653
<b>Total loans past due but not impaired</b>	<b>14,772</b>	<b>586</b>	<b>2,881</b>	<b>18,239</b>

	As at 31 December 2022			
	Home Loans	Other Personal <sup>1</sup>	Other Commercial Industrial	Total
	\$M	\$M	\$M	\$M
<b>Loans which were past due but not impaired <sup>2</sup></b>				
Past due 1 - 29 days	8,183	330	1,986	10,499
Past due 30 - 59 days	1,448	100	236	1,784
Past due 60 - 89 days	668	57	146	871
Past due 90 - 179 days	932	–	120	1,052
Past due 180 days or more	1,322	–	395	1,717
<b>Total loans past due but not impaired</b>	<b>12,553</b>	<b>487</b>	<b>2,883</b>	<b>15,923</b>

	As at 30 June 2022			
	Home Loans	Other Personal <sup>1</sup>	Other Commercial Industrial	Total
	\$M	\$M	\$M	\$M
<b>Loans which were past due but not impaired <sup>2</sup></b>				
Past due 1 - 29 days	6,531	328	1,195	8,054
Past due 30 - 59 days	1,226	85	233	1,544
Past due 60 - 89 days	705	52	99	856
Past due 90 - 179 days	1,062	–	130	1,192
Past due 180 days or more	1,500	–	461	1,961
<b>Total loans past due but not impaired</b>	<b>11,024</b>	<b>465</b>	<b>2,118</b>	<b>13,607</b>

<sup>1</sup> Included in these balances are credit card facilities and other unsecured portfolio managed facilities up to 90 days past due. At 90 days past due all unsecured portfolio managed facilities are classified as impaired.

<sup>2</sup> Includes assets in Stage 3 that have defaulted, but have not been classified as credit impaired as the loans are well secured and expected to be recovered.

# Appendices (continued)

## 2.2 Provisions for Impairment and Asset Quality (continued)

	Full Year Ended		Half Year Ended	
	30 Jun 23	30 Jun 22	30 Jun 23	31 Dec 22
	\$M	\$M	\$M	\$M
<b>Movement in gross impaired assets</b>				
Gross impaired assets - opening balance	2,951	3,409	3,036	2,951
New and increased	2,579	2,192	1,519	1,060
Balances written off	(608)	(601)	(213)	(395)
Returned to performing or repaid	(1,845)	(2,266)	(1,160)	(685)
Portfolio managed - new/increased/return to performing/repaid	249	217	144	105
<b>Gross impaired assets - closing balance</b> <sup>1, 2</sup>	<b>3,326</b>	<b>2,951</b>	<b>3,326</b>	<b>3,036</b>
<b>Impaired assets by size of asset</b>				
			As at	
			30 Jun 23	30 Jun 22
			\$M	\$M
Less than \$1 million			1,881	1,737
\$1 million to \$10 million			682	623
Greater than \$10 million			763	591
<b>Gross impaired assets</b> <sup>1, 2</sup>			<b>3,326</b>	<b>2,951</b>
Less total provisions for impaired assets <sup>3</sup>			(1,107)	(1,023)
<b>Net impaired assets</b>			<b>2,219</b>	<b>1,928</b>

- 1 As at 30 June 2023, impaired assets include those assets in Stage 3 that are considered impaired, as well as \$144 million of non-performing restructured assets in Stage 3 (30 June 2022: \$77 million). Stage 3 assets include impaired assets and those that are defaulted but not impaired as they are well secured.
- 2 Includes \$3,257 million of loans and advances and \$69 million of other financial assets (31 December 2022: \$2,988 million of loans and advances and \$48 million of other financial assets; 30 June 2022: \$2,921 million of loans and advances and \$30 million of other financial assets).
- 3 Includes \$754 million of individually assessed provisions and \$353 million of collective provisions (30 June 2022: \$736 million of individually assessed provisions and \$287 million of collective provisions).

## Appendices (continued)

### 2.2 Provisions for Impairment and Asset Quality (continued)

	As at	
	30 Jun 23	30 Jun 22
	\$M	\$M
Individually assessed and impaired assets	1,716	1,507
Restructured assets	1,462	1,323
Unsecured retail products 90 days and more past due	148	121
<b>Total impaired assets</b>	<b>3,326</b>	<b>2,951</b>
Non-performing assets not impaired	4,382	4,245
<b>Total non-performing assets</b>	<b>7,708</b>	<b>7,196</b>

	Full Year Ended		Half Year Ended	
	30 Jun 23	30 Jun 22	30 Jun 23	31 Dec 22
	\$M	\$M	\$M	\$M
<b>Provision for impairment losses</b>				
<b>Collective provisions</b>				
Opening balance	4,611	5,311	4,900	4,611
Net collective provision funding	795	(506)	438	357
Impairment losses written off	(354)	(343)	(193)	(161)
Impairment losses recovered	108	127	44	64
Other	36	22	7	29
<b>Closing balance</b>	<b>5,196</b>	<b>4,611</b>	<b>5,196</b>	<b>4,900</b>
<b>Individually assessed provisions</b>				
Opening balance	736	900	641	736
Net new and increased individual provisioning	470	321	253	217
Write-back of provisions no longer required	(157)	(172)	(94)	(63)
Discount unwind to interest income	(13)	(11)	(6)	(7)
Impairment losses written off	(330)	(342)	(63)	(267)
Other	48	40	23	25
<b>Closing balance</b>	<b>754</b>	<b>736</b>	<b>754</b>	<b>641</b>
<b>Total provisions for impairment losses</b>	<b>5,950</b>	<b>5,347</b>	<b>5,950</b>	<b>5,541</b>
Less: off Balance Sheet provisions	(159)	(117)	(159)	(137)
<b>Total provisions for loan impairment</b>	<b>5,791</b>	<b>5,230</b>	<b>5,791</b>	<b>5,404</b>

	Full Year Ended		Half Year Ended	
	30 Jun 23	30 Jun 22	30 Jun 23	31 Dec 22
	\$M	\$M	\$M	\$M
<b>Loan impairment expense</b>				
Net collective provision funding	795	(506)	438	357
Net new and increased individual provisioning	470	321	253	217
Write-back of individually assessed provisions	(157)	(172)	(94)	(63)
<b>Total loan impairment expense/(benefit)</b>	<b>1,108</b>	<b>(357)</b>	<b>597</b>	<b>511</b>

## ACCOUNTING POLICIES

By providing loans to customers, the Group bears the risk that the future circumstances of customers might change, including their ability to repay their loans in part or in full. While the Group's credit and responsible lending policies aim to minimise this risk, there will always be instances where the Group will not receive the full amount owed and hence a provision for impaired loans will be necessary.

A description of the key components of the Group's AASB 9 impairment methodology is provided in Note 3.2 of the 2023 Annual Report.



## 3. Our Deposits and Funding Activities

### Overview

Stable and well diversified funding sources are critical to the Group's ability to fund its lending and investing activities, and support growing its business.

Our main sources of funding include customer deposits, term funds raised in domestic and offshore wholesale markets via issuing debt securities and loan capital, and term funding from central banks. The Group also relies on repurchase agreements as a source of short-term wholesale funding. Refer to Note 9.4 of the 2023 Annual Report for the Group's management of liquidity and funding risk.

### 3.1 Deposits and Other Public Borrowings

	As at		
	30 Jun 23	31 Dec 22	30 Jun 22
	\$M	\$M	\$M
<b>Australia</b>			
Certificates of deposit	28,870	27,168	27,081
Term deposits	171,348	160,136	131,155
On-demand and short-term deposits	457,127	439,408	440,500
Deposits not bearing interest	110,045	120,719	131,828
Securities sold under agreements to repurchase	36	14,726	14,097
<b>Total Australia</b>	<b>767,426</b>	<b>762,157</b>	<b>744,661</b>
<b>New Zealand</b>			
Certificates of deposit	3,397	3,422	2,606
Term deposits	33,935	29,576	23,956
On-demand and short-term deposits	30,552	32,813	34,189
Deposits not bearing interest	9,635	11,278	11,898
Securities sold under agreements to repurchase	–	295	–
<b>Total New Zealand</b>	<b>77,519</b>	<b>77,384</b>	<b>72,649</b>
<b>Other Overseas</b>			
Certificates of deposit	12,517	15,587	15,930
Term deposits	5,813	5,366	4,024
On-demand and short-term deposits	1,225	1,115	1,225
Deposits not bearing interest	21	25	30
Securities sold under agreements to repurchase	474	17,518	19,067
<b>Total Other Overseas</b>	<b>20,050</b>	<b>39,611</b>	<b>40,276</b>
<b>Total deposits and other public borrowings</b>	<b>864,995</b>	<b>879,152</b>	<b>857,586</b>

### ACCOUNTING POLICIES

Deposits from customers include certificates of deposit, term deposits, savings deposits and other demand deposits. Deposits are initially recognised at their fair value less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost. Interest incurred is recognised within net interest income using the effective interest method.

Securities sold under repurchase agreements are retained on the Balance Sheet where substantially all the risks and rewards of ownership remain with the Group. A liability for the agreed repurchase amount is recognised within Deposits and other public borrowings. Repurchase transactions that are managed on a fair value basis are presented within Liabilities at fair value through Income Statement.

# Appendices (continued)

## 4. Our Capital, Equity and Reserves

### Overview

The Group maintains a strong capital position in order to satisfy regulatory capital requirements, provide financial security to its depositors and creditors and adequate return to its shareholders. The Group's shareholders' equity includes issued ordinary shares, retained earnings and reserves.

This section provides analysis of the Group's shareholders' equity including changes during the period.

### 4.1 Capital

The tables below show the capital adequacy calculation at 30 June 2023 under APRA's revised capital framework effective 1 January 2023. Prior period comparatives were prepared in accordance with the previous APRA framework that was effective up until 31 December 2022.

	As at		
	30 Jun 23	31 Dec 22	30 Jun 22
	%	%	%
<b>Group Capital Adequacy Ratios</b>			
Common Equity Tier 1	12.2	11.4	11.5
Tier 1	14.5	13.3	13.6
Tier 2	5.5	4.5	4.0
<b>Total Capital</b>	<b>20.0</b>	<b>17.8</b>	<b>17.6</b>

	As at		
	30 Jun 23	31 Dec 22	30 Jun 22
	\$M	\$M	\$M
<b>Ordinary share capital and treasury shares</b>			
Ordinary share capital	33,913	35,140	36,467
Treasury shares <sup>1</sup>	162	137	26
<b>Ordinary share capital and treasury shares</b>	<b>34,075</b>	<b>35,277</b>	<b>36,493</b>
<b>Reserves</b>	<b>(1,710)</b>	<b>(986)</b>	<b>(460)</b>
<b>Retained earnings and current period profits</b>			
Retained earnings and current period profits	39,797	38,384	36,826
Retained earnings adjustment from non-consolidated subsidiaries <sup>2</sup>	(45)	(28)	(131)
<b>Net retained earnings</b>	<b>39,752</b>	<b>38,356</b>	<b>36,695</b>
<b>Non-controlling interests</b>			
Non-controlling interests <sup>3</sup>	5	5	5
Less other non-controlling interests not eligible for inclusion in regulatory capital	(5)	(5)	(5)
<b>Non-controlling interests</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Common Equity Tier 1 Capital before regulatory adjustments</b>	<b>72,117</b>	<b>72,647</b>	<b>72,728</b>

1 Represents eligible employee share scheme arrangements. From 31 December 2022, balances include treasury shares held by both trust arrangement and shares held directly by the bank.

2 Cumulative current period profit and retained earnings adjustments for subsidiaries not consolidated for regulatory purposes.

3 Non-controlling interests include external equity interests in the Group's subsidiary.

# Appendices (continued)

## 4.1 Capital (continued)

	As at		
	30 Jun 23	31 Dec 22	30 Jun 22
	\$M	\$M	\$M
<b>Common Equity Tier 1 regulatory adjustments</b>			
Goodwill <sup>1</sup>	(5,295)	(5,299)	(5,330)
Other intangibles (including software) <sup>2</sup>	(2,042)	(1,782)	(1,548)
Capitalised costs and deferred fees	(1,230)	(1,155)	(1,056)
Defined benefit superannuation plan surplus <sup>3</sup>	(453)	(411)	(406)
Deferred tax asset	(3,281)	(2,962)	(3,016)
Cash flow hedge reserve	1,820	1,236	859
Employee compensation reserve	(99)	(60)	(94)
Equity investments <sup>4</sup>	(4,369)	(4,382)	(4,651)
Equity investments in non-consolidated subsidiaries <sup>5</sup>	(89)	(89)	(242)
Shortfall of provisions to expected losses <sup>6</sup>	–	(6)	(18)
Unrealised fair value adjustments <sup>7</sup>	(89)	(94)	(131)
Other	(81)	(91)	(72)
<b>Common Equity Tier 1 regulatory adjustments</b>	<b>(15,208)</b>	<b>(15,095)</b>	<b>(15,705)</b>
<b>Common Equity Tier 1</b>	<b>56,909</b>	<b>57,552</b>	<b>57,023</b>
<b>Additional Tier 1 Capital</b>			
Basel III complying instruments <sup>8</sup>	10,862	9,312	10,535
<b>Total Additional Tier 1 Capital</b>	<b>10,862</b>	<b>9,312</b>	<b>10,535</b>
<b>Total Tier 1 Capital</b>	<b>67,771</b>	<b>66,864</b>	<b>67,558</b>
<b>Tier 2 Capital</b>			
Basel III complying instruments <sup>9</sup>	24,320	22,161	19,491
Holding of Tier 2 Capital	(467)	(399)	(519)
Prudential general reserve for credit losses <sup>10</sup>	2,156	1,127	1,020
<b>Total Tier 2 Capital</b>	<b>26,009</b>	<b>22,889</b>	<b>19,992</b>
<b>Total Capital</b>	<b>93,780</b>	<b>89,753</b>	<b>87,550</b>

1 Includes goodwill from discontinued operations.

2 Other intangibles (including capitalised software costs), net of any associated deferred tax liability.

3 Represents the surplus in the Group's defined benefit superannuation fund, net of any deferred tax liability.

4 Represents the Group's non-controlling interest in other entities.

5 Non-consolidated subsidiaries consist of insurance entities and qualifying securitisation vehicles that meets APRA's operational requirement for regulatory capital relief under APS 120 "Securitisation".

6 Represents the shortfall between the regulatory Expected Losses (EL) and Eligible Provisions (EP) with respect to credit portfolios which are subject to the AIRB approach. The adjustment is assessed separately for both defaulted and non-defaulted exposures. Where there is an excess of EL over EP in either assessments, the difference must be deducted from CET1. For non-defaulted exposures, where the EL is lower than the EP, this may be included in Tier 2 Capital up a maximum of 0.6% of total credit RWAs.

7 Includes gains due to changes in the Group's credit risk on fair valued liabilities and other prudential valuation adjustments.

8 As at 30 June 2023, comprises PERLS XVI \$1,550 million (June 2023), PERLS XV \$1,777 million (November 2022), PERLS XIV \$1,750 million (March 2022), PERLS XIII \$1,180 million (April 2021), PERLS XII \$1,650 million (November 2019), PERLS XI \$1,590 million (December 2018), and PERLS X \$1,365 million (April 2018).

9 In the half year ended 30 June 2023, the Group issued AUD1,750 million and HKD580 million subordinated notes, all of which were Basel III compliant.

10 Represents provisions for credit losses eligible for inclusion in Tier 2 capital.

# Appendices (continued)

## 4.1 Capital (continued)

	As at <sup>1</sup>		
	30 Jun 23	31 Dec 22	30 Jun 22
	\$M	\$M	\$M
<b>Risk Weighted Assets (RWA)</b>			
<b>Credit Risk</b>			
<b>Subject to AIRB approach <sup>2</sup></b>			
Corporate (incl. SME corporate)	80,251	105,755	99,292
SME retail	10,189	8,601	8,522
Sovereign	n/a	2,311	2,249
Bank	n/a	3,218	4,194
Residential mortgage <sup>3</sup>	147,716	171,742	171,819
Qualifying revolving retail	5,584	5,050	5,022
Other retail	8,554	9,170	8,815
<b>Total RWA subject to AIRB approach</b>	<b>252,294</b>	<b>305,847</b>	<b>299,913</b>
<b>Subject to FIRB approach <sup>2</sup></b>			
Corporate - large	22,466	n/a	n/a
Sovereign	2,173	n/a	n/a
Financial Institution	10,857	n/a	n/a
<b>Total RWA subject to FIRB approach</b>	<b>35,496</b>	<b>n/a</b>	<b>n/a</b>
<b>Specialised lending</b>	<b>3,868</b>	<b>70,865</b>	<b>67,078</b>
<b>Subject to standardised approach</b>			
Corporate (incl. SME corporate)	530	864	1,079
SME retail	937	2,112	2,169
Sovereign	261	294	322
Residential mortgage	7,046	6,680	6,429
Other retail	604	1,152	1,078
Other assets	8,303	8,352	8,326
<b>Total RWA subject to Standardised approach</b>	<b>17,681</b>	<b>19,454</b>	<b>19,403</b>
Securitisation	3,316	3,585	3,439
Credit valuation adjustment	2,226	2,119	3,136
Central counterparties	101	147	678
RBNZ regulated entities	47,887	n/a	n/a
<b>Total RWA for credit risk exposures</b>	<b>362,869</b>	<b>402,017</b>	<b>393,647</b>
Traded market risk	15,390	13,773	10,683
Interest rate risk in the banking book	46,578	47,850	47,640
Operational risk <sup>4</sup>	43,155	40,740	45,922
<b>Total risk weighted assets</b>	<b>467,992</b>	<b>504,380</b>	<b>497,892</b>

1 30 June 2023 prepared in accordance with APRA's revised capital framework effective from 1 January 2023. 31 December 2022 and 30 June 2022 are prepared in accordance with the previous APRA framework that was effective up until 31 December 2022.

2 Pursuant to APRA requirements, RWA amounts at 30 June 2023 derived from AIRB and FIRB risk weight functions have been multiplied by a scaling factor of 1.10 and RWA amounts at 31 December 2022 and 30 June 2022 derived from AIRB risk weight functions have been multiplied by a scaling factor of 1.06.

3 As a condition of APRA's approval of the Residential Mortgage LGD model, a \$7.4 billion RWA overlay has been applied at 30 June 2023 for regulatory capital purposes.

4 Operational risk RWA as at 30 June 2023 are determined under the standardised measurement approach in accordance with APS 115 effective from 1 January 2023. Prior to 1 January 2023 operational risk RWA were determined in accordance with the advanced measurement approach.

# Appendices (continued)

## 4.2 Shareholders' Equity

	Full Year Ended		Half Year Ended	
	30 Jun 23	30 Jun 22	30 Jun 23	31 Dec 22
	\$M	\$M	\$M	\$M
<b>Ordinary Share Capital</b>				
Shares on issue:				
Opening balance	36,608	38,546	35,277	36,608
Share buy-back <sup>1,2</sup>	(2,533)	(1,937)	(1,202)	(1,331)
Dividend reinvestment plan (net of issue costs)	–	(1)	–	–
	<b>34,075</b>	<b>36,608</b>	<b>34,075</b>	<b>35,277</b>
Less treasury shares:				
Opening balance	(141)	(126)	(137)	(141)
Purchase of treasury shares <sup>3</sup>	(101)	(76)	(32)	(69)
Sale and vesting of treasury shares <sup>3</sup>	80	61	7	73
Total treasury shares	<b>(162)</b>	<b>(141)</b>	<b>(162)</b>	<b>(137)</b>
<b>Closing balance</b>	<b>33,913</b>	<b>36,467</b>	<b>33,913</b>	<b>35,140</b>
<b>Retained Profits</b>				
Opening balance	36,826	37,014	38,384	36,826
Actuarial (losses)/gains from defined benefit superannuation plans	(12)	76	8	(20)
Net profit attributable to equity holders of the Bank	10,090	10,771	4,945	5,145
<b>Total available for appropriation</b>	<b>46,904</b>	<b>47,861</b>	<b>43,337</b>	<b>41,951</b>
Transfers from investment securities revaluation reserve	–	9	–	–
Transfers from asset revaluation reserve	10	25	6	4
Off-market share buy-back - dividend component <sup>1</sup>	–	(4,534)	–	–
Interim dividend - cash component	(2,950)	(2,486)	(2,950)	–
Interim dividend - dividend reinvestment plan <sup>4</sup>	(596)	(501)	(596)	–
Final dividend - cash component	(2,973)	(2,978)	–	(2,973)
Final dividend - dividend reinvestment plan <sup>4</sup>	(598)	(570)	–	(598)
<b>Closing balance</b>	<b>39,797</b>	<b>36,826</b>	<b>39,797</b>	<b>38,384</b>

1 On 4 October 2021, the Group announced the successful completion of its \$6 billion off-market buy-back of CBA ordinary shares. 67,704,807 ordinary shares were bought back at \$88.62 per share, and comprised a fully franked dividend component of \$66.96 per share (\$4,534 million) and a capital component of \$21.66 per share (\$1,466 million). On 9 February 2022, the Group announced its intention to conduct an on-market share buy-back of up to \$2 billion. As at 30 June 2022, the Group bought back a total of 4,853,197 ordinary shares (\$468 million) at an average price of \$96.42. The Group recognised \$3 million transaction costs in relation to the capital returns. The shares bought back were subsequently cancelled.

2 On 15 February 2023, the Group announced its intention to increase the on-market share buy-back by \$1 billion of CBA ordinary shares, in addition to the \$2 billion announcement on 9 February 2022. During the year ended 30 June 2023, the Group completed the \$3 billion on-market buy-back and bought back a total of 25,369,084 ordinary shares (\$2,532 million) at an average price of \$99.81. The Group recognised \$1 million in transaction costs in relation to the capital returns. The shares bought back were subsequently cancelled.

3 Relates to the movements in treasury shares held within the employee share scheme plans.

4 The DRP in respect of the interim 2022/2023, final 2021/2022, interim 2021/2022 and final 2020/2021 dividends were satisfied in full through the on-market purchase and transfer of 6,115,897 shares at \$97.37, 6,201,070 shares at \$96.44, 5,107,902 shares at \$97.95 and 5,618,474 shares at \$101.00, respectively, to participating shareholders.

# Appendices (continued)

## 4.2 Shareholders' Equity (continued)

	Full Year Ended		Half Year Ended	
	30 Jun 23	30 Jun 22	30 Jun 23	31 Dec 22
	\$M	\$M	\$M	\$M
<b>Reserves</b>				
<b>Asset Revaluation Reserve</b>				
Opening balance	269	264	265	269
Revaluation of properties	24	42	24	–
Transfer to retained profits	(10)	(25)	(6)	(4)
Income tax effect	(5)	(12)	(5)	–
<b>Closing balance</b>	<b>278</b>	<b>269</b>	<b>278</b>	<b>265</b>
<b>Foreign Currency Translation Reserve</b>				
Opening balance	17	257	312	17
Currency translation adjustments of foreign operations	224	(261)	(128)	352
Currency translation of net investment hedge	(38)	9	21	(59)
Income tax effect	5	12	3	2
<b>Closing balance</b>	<b>208</b>	<b>17</b>	<b>208</b>	<b>312</b>
<b>Cash Flow Hedge Reserve</b>				
Opening balance	(859)	467	(1,236)	(859)
Gains/(losses) on cash flow hedging instruments:				
Recognised in Other Comprehensive Income	565	555	714	(149)
Transferred to Income Statement:				
Interest income	2,214	(1,779)	1,441	773
Interest expense	(2,772)	1,095	(1,706)	(1,066)
Net other operating income	(1,361)	(1,769)	(1,260)	(101)
Income tax effect	393	572	227	166
<b>Closing balance</b>	<b>(1,820)</b>	<b>(859)</b>	<b>(1,820)</b>	<b>(1,236)</b>
<b>Employee Compensation Reserve</b>				
Opening balance	94	103	60	94
Current period movement	5	(9)	39	(34)
<b>Closing balance</b>	<b>99</b>	<b>94</b>	<b>99</b>	<b>60</b>
<b>Investment Securities Revaluation Reserve</b>				
Opening balance	19	2,158	(387)	19
Transfer to retained profits on sale of equity securities	–	(9)	–	–
Net losses on revaluation of investment securities	(621)	(2,804)	(101)	(520)
Net (losses)/gains on investment securities transferred to Income Statement on disposal	(5)	(182)	12	(17)
Income tax effect	132	856	1	131
<b>Closing balance</b>	<b>(475)</b>	<b>19</b>	<b>(475)</b>	<b>(387)</b>
<b>Total Reserves</b>	<b>(1,710)</b>	<b>(460)</b>	<b>(1,710)</b>	<b>(986)</b>
<b>Shareholders' Equity attributable to Equity holders of the Bank</b>	<b>72,000</b>	<b>72,833</b>	<b>72,000</b>	<b>72,538</b>
Shareholders' Equity attributable to non-controlling interests	5	5	5	5
<b>Total Shareholders' Equity</b>	<b>72,005</b>	<b>72,838</b>	<b>72,005</b>	<b>72,543</b>

# Appendices (continued)

## 4.2 Shareholders' Equity (continued)

### ACCOUNTING POLICIES

Shareholders' equity includes Ordinary share capital, Retained profits and Reserves. Policies for each component are set out below:

#### Ordinary share capital

Ordinary shares are recognised at the amount paid up per ordinary share, net of directly attributable issue costs. Where the Bank or entities within the Group purchase shares in the Bank, the consideration paid is deducted from total shareholders' equity and the shares are treated as treasury shares until they are subsequently sold, reissued or cancelled. Where such shares are sold or reissued, any consideration received is included in shareholders' equity.

#### Retained profits

Retained profits includes the accumulated profits for the Group including certain amounts recognised directly in retained profits less dividends paid.

#### Reserves

##### *Asset revaluation reserve*

The Asset revaluation reserve is used to record revaluation adjustments on the Group's property assets. Where an asset is sold or disposed of, any balance in the reserve in relation to the asset is transferred directly to Retained profits.

##### *Foreign currency translation reserve*

Exchange differences arising on translation of the Group's foreign operations are accumulated in the Foreign currency translation reserve. Specifically, assets and liabilities are translated at the prevailing exchange rate at Balance Sheet date; revenue and expenses are translated at the transaction date; and all resulting exchange differences are recognised in the Foreign currency translation reserve.

When a foreign operation is disposed of, exchange differences are reclassified to the Income Statement.

##### *Cash flow hedge reserve*

The Cash flow hedge reserve is used to record fair value gains or losses associated with the effective portion of designated cash flow hedging instruments. Amounts are reclassified to the Income Statement when the hedged transaction impacts profit or loss.

##### *Employee compensation reserve*

The Employee compensation reserve is used to recognise the fair value of shares and other equity instruments issued to employees under the employee share plans and bonus schemes.

##### *Investment securities revaluation reserve*

The Investment securities revaluation reserve includes changes in the fair value of Investment securities measured at fair value through other comprehensive income. For debt securities, these changes are reclassified to the Income Statement when the asset is derecognised. For equity securities, these changes are not reclassified to the Income Statement when derecognised.

# Appendices (continued)

## 4.3 Share Capital

	Full Year Ended		Half Year Ended	
	30 Jun 23	30 Jun 22	30 Jun 23	31 Dec 22
Shares on Issue	Shares	Shares	Shares	Shares
Opening balance (excluding Treasury Shares deduction)	1,701,538,406	1,774,096,410	1,688,414,169	1,701,538,406
Share buy-backs				
Off-market buy-back <sup>1</sup>	–	(67,704,807)	–	–
On-market buy-back <sup>2</sup>	(25,369,084)	(4,853,197)	(12,244,847)	(13,124,237)
Dividend reinvestment plan issues:				
2020/2021 Final dividend fully paid ordinary shares \$101.00 <sup>3</sup>	–	–	–	–
2021/2022 Interim dividend fully paid ordinary shares \$97.95 <sup>3</sup>	–	–	–	–
2021/2022 Final dividend fully paid ordinary shares \$96.44 <sup>3</sup>	–	–	–	–
2022/2023 Interim dividend fully paid ordinary shares \$97.37 <sup>3</sup>	–	–	–	–
Closing balance (excluding Treasury Shares deduction)	1,676,169,322	1,701,538,406	1,676,169,322	1,688,414,169
Less: Treasury Shares <sup>4</sup>	(1,649,931)	(1,600,415)	(1,649,931)	(1,421,454)
<b>Closing balance</b>	<b>1,674,519,391</b>	<b>1,699,937,991</b>	<b>1,674,519,391</b>	<b>1,686,992,715</b>

1 On 4 October 2021, the Group announced the successful completion of its \$6 billion off-market buy-back of CBA ordinary shares. 67,704,807 ordinary shares were bought back at \$88.62 per share, and comprised a fully franked dividend component of \$66.96 per share (\$4,534 million) and a capital component of \$21.66 per share (\$1,466 million). The shares bought back were subsequently cancelled.

2 On 9 February 2022, the Group announced its intention to conduct an on-market share buy-back of up to \$2 billion. On 15 February 2023, the Group announced its intention to increase the on-market share buy-back by an additional \$1 billion. As at 30 June 2023, the Group has completed the announced \$3 billion on-market buy-back, with a total of 30,222,281 ordinary shares bought back at an average price of \$99.26 (half year ended 30 June 2023: 12,244,847 ordinary shares bought back at an average price of \$98.17 (\$1,202 million); half year ended 31 December 2022: 13,124,237 ordinary shares bought back at an average price of \$101.33 (\$1,330 million); half year ended 30 June 2022: 4,853,197 ordinary shares bought back at an average price of \$96.42 (\$468 million)). The shares bought back were subsequently cancelled.

3 The DRP in respect of the interim 2022/2023, final 2021/2022, interim 2021/2022 and final 2020/2021 dividends were satisfied in full through the on-market purchase and transfer of 6,115,897 shares at \$97.37, 6,201,070 shares at \$96.44, 5,107,902 shares at \$97.95 and 5,618,474 shares at \$101.00 respectively, to participating shareholders.

4 Relates to the movements in treasury shares held within the employee share scheme plans.

### Dividend Franking Account

#### Australian Franking Credits

The franking credits available to the Group at 30 June 2023, after allowing for Australian tax payable in respect of the current and prior reporting period's profit, are estimated to be \$1,928 million (31 December 2022: \$1,645 million; 30 June 2022: \$1,635 million).

#### New Zealand Imputation Credits

The New Zealand imputation credits available to CBA at 30 June 2023 are estimated to be NZ\$865 million (31 December 2022: NZ\$896 million; 30 June 2022: NZ\$896 million). This is calculated on the same basis as the Australian franking credits but using the New Zealand current tax liability.

### Dividends

The Directors have determined a fully franked final dividend of 240 cents per share amounting to \$4,023 million. There is no foreign conduit income attributed to the final dividend. The dividend will be payable on or around 28 September 2023 to shareholders on the register at 5:00pm AEST on 17 August 2023.

The Board determines the dividend per share based on net profit after tax ("cash basis") per share, having regard to a range of factors including:

- Current and expected rates of business growth and the mix of business;

- Capital needs to support economic, regulatory and credit ratings requirements;
- Investments and/or divestments to support business development;
- Competitors comparison and market expectations; and
- Earnings per share growth.

### Dividend Reinvestment Plan

The Group has a Dividend Reinvestment Plan (DRP) that is available to shareholders in Australia and certain other jurisdictions. Shareholders can elect to participate to acquire fully paid ordinary shares instead of receiving a cash dividend payment. Shares issued under DRP rank equally with ordinary shares on issue. The DRP for the 2023 interim dividend and 2022 final and interim dividends were satisfied in full by the on-market purchase and transfer of shares, and all had a participation rate of 16.8%.

### Record Date

The register closes for determination of dividend entitlement at 5:00pm AEST on 17 August 2023. The deadline for notifying a change to participation in the DRP is 5:00pm AEST on 18 August 2023.

### Ex-Dividend Date

The ex-dividend date is 16 August 2023.



## 5. Risk Management

### Overview

The Group is exposed to financial risks, non-financial risks and strategic risks arising from its operations. The Group manages these risks through its Risk Management Framework (the Framework), which evolves to accommodate changes in the business operating environment, better practice approaches, and regulatory and community expectations. The Group's key risk types are credit, market, liquidity, operational, compliance and strategic. The framework is discussed in Note 9.1 in the 2023 Annual Report.

### 5.1 Integrated Risk Management

The Group's approach to risk management is described within Note 9 to the Financial Statements in the 2023 Annual Report. Further disclosures in respect of capital adequacy and risk are provided in the Group's annual Pillar 3 document.

#### Credit Risk

The Group uses a portfolio approach for the management of its credit risk, of which a key element is a well-diversified portfolio. The Group uses various portfolio management tools to assist in diversifying the credit portfolio.

Below is a breakdown of the Group's committed exposure across region and commercial credit quality.

	As at		
	30 Jun 23	31 Dec 22	30 Jun 22
By Region <sup>1</sup>	%	%	%
Australia	82.2	81.9	82.1
New Zealand	9.7	10.0	9.8
Americas	3.5	3.4	3.6
Europe	2.2	2.6	2.3
Asia	2.4	2.1	2.2
	100.0	100.0	100.0

	As at		
	30 Jun 23	31 Dec 22	30 Jun 22
Commercial Portfolio Quality <sup>1</sup>	%	%	%
AAA/AA	42.9	44.5	44.7
A	12.7	12.3	12.0
BBB	13.7	14.2	13.0
Other	30.7	29.0	30.3
	100.0	100.0	100.0

<sup>1</sup> Committed exposures by region and commercial credit quality are disclosed on a gross basis (calculated before collateralisation).

As a measure of individually risk-rated commercial portfolio exposure (including finance and insurance), the Group has 69.3% (December 2022: 71.0%; June 2022: 69.7%) of commercial exposures at investment grade quality.

# Appendices (continued)

## 5.1 Integrated Risk Management (continued)

### Market Risk

Market risk in the Balance Sheet is discussed within Note 9.3 of the 2023 Annual Report.

### Value at Risk (VaR)

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

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

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.

Where VaR is deemed not to be an appropriate method of risk measurement, other risk measures have been used as specified by the heading or accompanying footnotes of the tables provided.

	Average VaR <sup>1</sup>		
	30 Jun 23	31 Dec 22	30 Jun 22
	\$M	\$M	\$M
<b>Traded Market Risk</b>			
<b>Risk Type</b>			
Interest rate risk	71.6	48.3	32.6
Foreign exchange risk	11.0	15.9	5.7
Equities risk	–	–	–
Commodities risk	32.5	29.9	21.2
Credit spread risk	20.3	16.1	21.6
Other market risk <sup>2</sup>	22.5	22.2	27.7
Diversification benefit	(66.5)	(70.0)	(54.9)
Total general market risk	91.4	62.4	53.9
Undiversified risk	21.6	18.4	17.7
Other <sup>3</sup>	1.4	1.6	1.4
<b>Total</b>	<b>114.4</b>	<b>82.4</b>	<b>73.0</b>

<sup>1</sup> Average VaR is at 10-day 99% confidence and is calculated for each 6 month period.

<sup>2</sup> Includes volatility risk and basis risk.

<sup>3</sup> Includes ASB, PTBC and CBA Europe.

# Appendices (continued)

## 5.1 Integrated Risk Management (continued)

### Interest rate risk in the banking book

Interest rate risk in the banking book is discussed within Note 9.3 of the 2023 Annual Report.

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

The figures in the following table represent the potential unfavourable change to the Group's net interest earnings during the year based on a 100 basis point parallel rate shock.

	Half Year Ended		
	30 Jun 23 <sup>2</sup>	31 Dec 22 <sup>2</sup>	30 Jun 22
	\$M	\$M	\$M
<b>Net Interest Earnings at Risk <sup>1</sup></b>			
Average monthly exposure	548.7	953.4	1,619.3
High month exposure	642.8	1,660.1	1,849.7
Low month exposure	415.4	523.1	1,106.3

1 Exposures over a 6 month period.

2 Net interest earnings at risk estimates for the half years ended 30 June 2023 and 31 December 2022 are based on modelled outcomes restated to reflect assumptions that applied at 30 June 2023.

#### (b) Economic Value

A 20-day 99.0% VaR measure is used to capture the economic impact of adverse changes in interest rates on all banking book assets and liabilities.

	Half Year Ended		
	30 Jun 23	31 Dec 22	30 Jun 22
	\$M	\$M	\$M
<b>Non-Traded Interest Rate Risk VaR (20-day 99.0% confidence) <sup>1</sup></b>			
Average daily exposure	566.5	504.1	430.1
High daily exposure	629.6	585.6	520.4
Low daily exposure	471.7	428.5	363.9

1 Exposures over a 6 month period.

# Appendices (continued)

## 5.1 Integrated Risk Management (continued)

### Funding Sources

The following table provides the funding sources for the Group including customer deposits, and short-term and long-term wholesale funding. Shareholders' equity is excluded from this view of funding sources.

	As at <sup>1</sup>				
	30 Jun 23 \$M	31 Dec 22 \$M	30 Jun 22 \$M	Jun 23 vs Dec 22 %	Jun 23 vs Jun 22 %
Transaction deposits <sup>2</sup>	196,617	193,500	188,917	2	4
Savings deposits	276,518	266,765	275,997	4	–
Investment deposits	225,502	206,893	169,401	9	33
Other customer deposits <sup>2,3</sup>	120,337	132,450	143,448	(9)	(16)
<b>Total customer deposits</b>	<b>818,974</b>	<b>799,608</b>	<b>777,763</b>	<b>2</b>	<b>5</b>
<b>Wholesale funding</b>					
<b>Short-term</b>					
Certificates of deposit	44,273	44,571	44,154	(1)	–
US commercial paper programme	8,409	15,050	20,405	(44)	(59)
Central Bank deposits	13,066	13,796	14,185	(5)	(8)
Other <sup>4</sup>	5,339	4,292	3,495	24	53
<b>Total short-term wholesale funding</b>	<b>71,087</b>	<b>77,709</b>	<b>82,239</b>	<b>(9)</b>	<b>(14)</b>
<b>Total short-term collateral deposits <sup>5</sup></b>	<b>4,871</b>	<b>585</b>	<b>6,316</b>	<b>large</b>	<b>(23)</b>
<b>Total long-term funding - less than or equal to one year residual maturity <sup>6</sup></b>	<b>67,683</b>	<b>36,941</b>	<b>24,696</b>	<b>83</b>	<b>large</b>
<b>Long-term - greater than one year residual maturity</b>					
Domestic debt programme	15,107	12,577	9,896	20	53
Offshore medium-term note programme <sup>7</sup>	46,541	42,282	38,628	10	20
Covered bond programme	30,859	27,472	27,003	12	14
Securitisation	5,675	4,720	4,943	20	15
Loan capital	33,884	31,768	27,155	7	25
RBA Term Funding Facility (TFF)	–	31,990	49,637	(large)	(large)
Other	6,343	7,733	4,165	(18)	52
<b>Total long-term funding - greater than one year residual maturity</b>	<b>138,409</b>	<b>158,542</b>	<b>161,427</b>	<b>(13)</b>	<b>(14)</b>
<b>IFRS MTM and derivative FX revaluations</b>	<b>(8,828)</b>	<b>(8,334)</b>	<b>(5,684)</b>	<b>6</b>	<b>55</b>
<b>Total funding</b>	<b>1,092,196</b>	<b>1,065,051</b>	<b>1,046,757</b>	<b>3</b>	<b>4</b>
<b>Reported as</b>					
Deposits and other public borrowings	864,995	879,152	857,586	(2)	1
Payables to financial institutions	21,910	19,863	26,052	10	(16)
Liabilities at fair value through Income Statement <sup>8</sup>	40,103	7,015	7,271	large	large
Term funding from central banks <sup>9</sup>	54,220	56,011	54,807	(3)	(1)
Debt issues	122,267	118,843	116,902	3	5
Loan capital	32,598	28,896	28,017	13	16
Loans and other receivables - collateral posted	(962)	(1,012)	(870)	(5)	11
Receivables from financial institutions - collateral posted	(3,735)	(5,210)	(3,748)	(28)	–
Securities purchased under agreements to resell	(39,200)	(38,507)	(39,260)	2	–
<b>Total funding</b>	<b>1,092,196</b>	<b>1,065,051</b>	<b>1,046,757</b>	<b>3</b>	<b>4</b>

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

2 Transaction deposits exclude non-interest bearing deposits (included in other customer deposits).

3 Other customer deposits primarily consist of non-interest bearing transaction deposits and other customer funding.

4 Includes net non-HQLA securities sold or purchased under repurchase agreements and interbank borrowings.

5 Includes other repurchase agreements not reported above and Vostro balances.

6 Residual maturity of long-term wholesale funding (included in Debt issues, Loan capital and the Group's drawn TFF allowance) is the earlier of the next call date or final maturity.

7 Includes notes issued under the Bank's 3(a)(2) programme.

8 As at 30 June 2023, liabilities at fair value through Income Statement include sale and repurchase agreements.

9 Includes drawings from the RBA TFF, RBNZ Funding for Lending Programme (FLP) and Term Lending Facility (TLF).

# Appendices (continued)

## 5.1 Integrated Risk Management (continued)

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

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

### Liquidity and Funding Policies and Management

The Group's liquidity and funding policies provide that:

- an excess of liquid assets over the minimum prescribed under APRA's Liquidity Coverage Ratio (LCR) requirement is maintained. Australian ADIs are required to meet a 100% LCR, calculated as the ratio of high quality liquid assets to 30 day net cash outflows projected under a prescribed stress scenario;
- a surplus of stable funding from various sources, as measured by APRA's Net Stable Funding Ratio (NSFR), is maintained. The NSFR is calculated by applying factors prescribed by APRA to assets and liabilities to determine a ratio of required stable funding to available stable funding which must be greater than 100%;
- scenario analysis is central to the Group's liquidity management framework and the Group undertakes additional stress testing including market specific and idiosyncratic scenarios over and above the regulatory defined scenarios;
- additional funding and liquidity metrics are calculated and

monitored as early warning indicators of a potential stress event;

- short and long-term wholesale funding limits are established, monitored and reviewed regularly;
- the Group's wholesale funding market capacity is regularly assessed and used as a factor in funding strategies;
- Group Treasury maintains a portfolio of highly liquid assets to meet liquidity requirements under a range of market conditions. The liquid asset portfolio includes cash and liquid assets, including government and Australian semi-government securities, meeting APRA's High Quality Liquid Asset (HQLA) definition and other highly liquid assets which are repo-eligible with the Reserve Bank of Australia (RBA);
- liquid assets are held in Australian dollar and foreign currency denominated securities in accordance with expected requirements;
- in line with APRA's requirements to hold adequate levels of self-securitised assets, the Group also holds internal RMBS (minimum value of 30% of Group net cash outflows as defined under the LCR), which are mortgages that have been securitised but retained by the Bank, that are repo-eligible with the RBA under the Exceptional Liquidity Assistance (ELA) arrangement; and
- offshore branches and subsidiaries adhere to liquidity policies and hold appropriate foreign currency liquid assets to meet required regulations. Material banking subsidiaries are required to maintain an LCR of at least 100%.

The Group's key funding tools include:

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

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

### Contingency Funding Plan

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

## Appendices (continued)

### 5.2 Counterparty and Other Credit Risk Exposures

#### Leveraged Finance

The Group provides leveraged finance to companies. This can include companies acquired or owned by private equity sponsors which can be highly leveraged, primarily domiciled in Australia and New Zealand and exhibit stable and established earnings providing the ability to reduce borrowing levels. The Group's exposure to firms owned by private equity sponsors is diversified across industries and private equity sponsors. Leveraged debt facilities provided to private equity sponsors are typically senior with first ranking security over the cash flows and assets of the businesses.

#### Hedge Funds

There were no material movements in exposures to hedge funds during the current year and these exposures are not considered to be material.

#### Collateralised Debt Obligations (CDOs) and Credit Linked Notes

The Group has no material direct or indirect exposure to CDOs or credit linked notes.

## 6. Other Information

### 6.1 Intangible Assets

	As at		
	30 Jun 23	31 Dec 22	30 Jun 22
	\$M	\$M	\$M
<b>Goodwill</b>			
Purchased goodwill at cost	5,295	5,299	5,295
<b>Closing balance</b>	<b>5,295</b>	<b>5,299</b>	<b>5,295</b>
<b>Computer Software Costs</b>			
Net carrying value	1,912	1,643	1,409
<b>Closing balance</b>	<b>1,912</b>	<b>1,643</b>	<b>1,409</b>
<b>Brand Names <sup>1</sup></b>			
Cost	186	186	186
<b>Closing balance</b>	<b>186</b>	<b>186</b>	<b>186</b>
<b>Other Intangibles</b>			
Cost	-	8	9
<b>Closing balance</b>	<b>-</b>	<b>8</b>	<b>9</b>
<b>Total intangible assets</b>	<b>7,393</b>	<b>7,136</b>	<b>6,899</b>

<sup>1</sup> Brand names include the value of royalty costs foregone by the Group through acquiring the Bankwest brand name. The royalty costs that would have been incurred by an entity using the Bankwest brand name are based on an annual percentage of income generated by Bankwest. The Bankwest brand name has an indefinite useful life, as there is no foreseeable limit to the period over which the brand name is expected to generate cash flows. The brand name is not subject to amortisation, but requires annual impairment testing. No impairment was recognised during the year.

# Appendices (continued)

## 6.2 ASX Appendix 4E

Cross Reference Index	Page
Details of Reporting Period and Previous Period (Rule 4.3A Item No. 1)	Inside Front Cover
Results for Announcement to the Market (Rule 4.3A Item No. 2)	Inside Front Cover
Income Statement and Statement of Comprehensive Income (Rule 4.3A Item No. 3)	66, 67
Balance Sheet (Rule 4.3A Item No. 4)	68
Statement of Cash Flows (Rule 4.3A Item No. 5)	70
Statement of Changes in Equity (Rule 4.3A Item No. 6)	69
Consolidated Retained Profits Reconciliation (Rule 4.3A Item No. 6)	99
Dividends (Rule 4.3A Item No. 7)	102
Dividend Dates (Rule 4.3A Item No. 7)	Inside Front Cover
Dividend Reinvestment Plan (Rule 4.3A Item No. 8)	102
Net Tangible Assets per Security (Rule 4.3A Item No. 9)	121
Details of Entities over which Control was Gained or Lost during the Period (Rule 4.3A Item No. 10)	110
Details of Associates and Joint Ventures (Rule 4.3A Item No. 11)	110
Other Significant Information (Rule 4.3A Item No. 12)	111-115
Foreign Entities (Rule 4.3A Item No. 13)	115
Commentary on Results (Rule 4.3A Item No. 14)	Section 3 to 5
Compliance Statement (Rule 4.3A Item No. 15)	115

### Details of entities over which control was gained and lost during the period (Rule 4.3A Item No. 10)

On 30 September 2022, the Group ceased control over Commonwealth Insurance Limited.

### Details of Associates and Joint Ventures (Rule 4.3A Item No. 11)

Include the below key investments and joint ventures:

As at 30 June 2023	Ownership Interest Held (%)
Funding No.1 Pty Limited <sup>1</sup>	100%
Superannuation and Investments HoldCo Pty Limited	45%
Lendi Group Pty Ltd	42%
Payble Pty Ltd	39%
Count Limited	37%
Nindethana Seed Service Pty Ltd	33%
Amber Electric Pty Ltd	27%
More Telecom Pty Ltd	25%
Tangerine Telecom Pty Ltd	25%
PEXA Group Limited	24%
Carousale Pty Ltd	23%
Gift Card Co Pty Ltd	22%
Trade Window Holdings Limited	22%
Vietnam International Commercial Joint Stock Bank	20%
Australian Business Growth Fund Pty Ltd	19%
Payments NZ Limited	19%
Silicon Quantum Computing Pty Ltd	17%
Lygon 1B Pty Ltd	16%
Qilu Bank Co., Ltd.	16%

<sup>1</sup> The Group holds 100% of the issued shares of Funding No.1 Pty Limited but does not consolidate the company as the Group does not have the majority of the decision making rights over its relevant activities.



# Appendices (continued)

## 6.2 ASX Appendix 4E (continued)

### Other Significant Information (Rule 4.3A Item No 12)

#### Subsequent events

The Directors have determined a fully franked final dividend of 240 cents per share amounting to \$4,023 million.

#### Dividend Reinvestment Plan (DRP)

The Bank expects the DRP for the final dividend for the year ended 30 June 2023 will be satisfied in full by an on-market purchase of shares of approximately \$700 million based on historical DRP participation rate.

#### Share buy-back

On 9 August 2023, following the completion of the previously announced \$3 billion on-market share buy-back, the Bank announced its intention to undertake a further \$1 billion on-market share buy-back. The Bank reserves the right to vary, suspend or terminate the buy-back at any time.

### Completed transactions

#### Commonwealth Financial Planning

On 28 July 2021, the Group entered into an agreement with AIA Australia for a partial transfer of the Commonwealth Financial Planning (CFP) business to AIA Financial Services Limited. The transaction completed on 30 November 2021. On 26 October 2021, the Group announced the closure of the remaining CFP business effective from 30 November 2021. During the year ended 30 June 2022, the Group recognised a post-tax loss of \$73 million mainly related to the write-down of customer receivables and the provision for employee redundancy payments.

#### Colonial First State

On 13 May 2020, the Group entered into an agreement to sell a 55% interest in Colonial First State (CFS) to KKR. The sale completed on 1 December 2021, resulting in a post-tax gain of \$840 million (net of transaction and separation costs). Post-tax transaction and separation costs of \$47 million and \$137 million were recognised during the years ended 30 June 2021 and 30 June 2020, respectively. The Group has retained a 45% interest in the parent entity of the CFS business, Superannuation and Investments HoldCo Pty Limited, which is accounted for as an investment in a joint venture.

#### Bank of Hangzhou

On 1 March 2022, the Group announced the sale of a 10% shareholding in Bank of Hangzhou Co., Ltd (HZB) to Hangzhou Urban Construction and Investment Group Co., Ltd and Hangzhou Communications Investment Group Co., Ltd, which are entities majority owned by the Hangzhou Municipal Government. As part of this sale, the Group agreed with HZB to retain its remaining shareholding in HZB of approximately 5.6% until at least 28 February 2025. The sale completed on 30 June 2022, resulting in a post-tax gain of \$299 million (net of transaction and separation costs and including the gain on reclassification of the retained 5.6% interest from Investment in Associates to Investments at fair value through Other Comprehensive Income). Post-tax transaction and separation costs of \$22 million were recognised during the year ended 30 June 2022.

#### CommInsure General Insurance

On 21 June 2021, the Group announced the sale of CommInsure General Insurance to Hollard Insurance Company Pty Ltd (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.

The sale of CommInsure General Insurance to Hollard completed on 30 September 2022, resulting in a post-tax gain of \$66 million net of transaction and separation costs. This includes a \$179 million post-tax gain recognised during the year ended 30 June 2023, and post-tax transaction and separation costs of \$46 million and \$67 million recognised during the years ended 30 June 2022 and 2021, respectively.

### Customer remediation

Provisions for customer remediation require significant levels of estimation and judgement. The amount raised depends on a number of different assumptions, such as the number of years impacted, the forecast refund rate and the average cost per case. The Group is committed to comprehensively and efficiently addressing the full range of remediation issues impacting customers of the Banking and former Wealth Management businesses. Significant resources have been committed to a comprehensive program of work, to ensure that all issues are identified and addressed.

#### Aligned Advice remediation

Aligned advisors were not employed by the Group but were representatives authorised to provide financial advice under the licences of the Group's subsidiaries, Financial Wisdom Limited (FWL), Count Financial Limited (Count Financial) and Commonwealth Financial Planning Limited-Pathways (CFP-Pathways). The Group completed the sale of Count Financial to Count Limited (Count) on 1 October 2019, and ceased providing licensee services through CFP-Pathways and Financial Wisdom in March and June 2020, respectively. The Bank entered into reimbursement agreements with Financial Wisdom and CFP-Pathways, and an indemnity deed with Count to cover potential remediation of past issues including ongoing service fees and commissions, and other remediation matters. For details on the reimbursement agreements and the indemnity deed, refer to Note 11.2 in the 2023 Annual Report.

During the year ended 30 June 2023, the Group recognised an increase in the provision for Aligned Advice remediation issues and program costs of \$299 million (including \$163 million for ongoing service fees remediation, \$91 million for other remediation matters and \$45 million for program costs). In addition, the Group paid \$838 million customer refunds for ongoing service fees, \$2 million other remediation matters and utilised \$108 million of program costs during the year ended 30 June 2023. As at 30 June 2023, the provision held by the Group in relation to Aligned Advice remediation was \$262 million (30 June 2022: \$911 million). This provision includes \$67 million for customer fee refunds (30 June 2022: \$446 million) and \$71 million for interest on fees subject to refunds (30 June 2022: \$367 million) for ongoing service fees, \$95 million on other remediation matters (30 June 2022: \$6 million) and \$29 million for program costs (30 June 2022: \$92 million).

As at 30 June 2023, the Group had materially completed all assessments for ongoing service fees and commissions. For offers not finalised, an increase/ (decrease) in the refund rate by 1% would result in an increase/ (decrease) in the provision by approximately \$1 million (30 June 2022: \$20 million). The Aligned Advice remediation provision of \$262 million held as at 30 June 2023 includes \$75 million in relation to offers that have not been finalised. The Group continues to engage with ASIC in relation to remediation programs.

# Appendices (continued)

## 6.2 ASX Appendix 4E (continued)

### Banking and other Wealth customer remediation

As at 30 June 2023, the provision held by the Group in relation to Banking and other Wealth Management customer remediation programs was \$84 million (30 June 2022: \$157 million). The provision for Banking remediation includes an estimate of customer refunds (including interest) relating to business and retail banking products (including bank guarantees, merchants billing and certain other lending products), and the related program costs. The wealth remediation provision includes an estimate of customer refunds (including interest) relating to certain superannuation and other products, and the related program costs.

### Litigation, investigations and reviews

The Group is party to a number of legal proceedings, and the subject of various investigations and reviews. Provisions have been raised in accordance with the principles outlined in the accounting policy section of this note.

#### Litigation

The main litigated claims against the Group as at 30 June 2023 are summarised below.

#### Bankwest class action

In 2016, class action proceedings were filed against CBA in the Supreme Court of NSW. The plaintiffs allege that in the period from 19 December 2008 to 1 October 2012, following the acquisition of Bankwest from HBOS in 2008, Bankwest implemented a system (involving a review of loan files) to enable it to identify, remove and write-off commercial loans, notwithstanding that the loans were performing loans at the time. This is alleged to have amounted to unconscionable conduct and breach of contract (including of the Code of Banking Practice).

Following a mediation in March 2023, a settlement was reached with no admissions as to liability. The settlement is subject to Court approval. The Group has provided for the legal costs expected to be incurred in this matter. The Group does not expect to incur a loss as a result of the settlement.

#### Shareholder class actions

In October 2017 and June 2018 two separate shareholder class action proceedings were filed against CBA in the Federal Court of Australia, alleging breaches of CBA's continuous disclosure obligations and misleading and deceptive conduct in relation to the subject matter of the civil penalty proceedings brought against CBA by the Australian Transaction Reports and Analysis Centre (AUSTRAC). The AUSTRAC proceedings concerned contraventions of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth).

The resolution of the AUSTRAC civil penalty proceedings was approved by the Federal Court on 20 June 2018 with CBA paying a penalty of \$700 million and legal costs.

It is alleged in the class actions that CBA shareholders who acquired an interest in CBA shares between 16 June 2014 and 3 August 2017 suffered losses as a result of the alleged conduct. The two class actions are being case managed together, with a single harmonised statement of claim. CBA denies the allegations made against it, and is defending the proceedings. A trial took place in November and December 2022 and judgement is reserved. It is currently not possible to

determine the ultimate impact of these claims, if any, on the Group.

#### Superannuation class actions

The Group is also defending three class actions in relation to superannuation products.

On 9 October 2018, a class action was filed against Colonial First State Investments Limited (CFSIL) and CBA in the Federal Court of Australia. The claim initially related to investment in cash and deposit options (which are cash and deposit products provided by CBA) in the Colonial First State First Choice Superannuation Trust (FirstChoice Fund) and Commonwealth Essential Super and later expanded to join Avanteos Investments Limited (AIL) as a party in respect of claims regarding the FirstWrap Pooled Cash Account.

The main claims are that members that invested in these cash and deposit options received lower interest rates than they could have received had CFSIL/AIL offered similar products made available in the market by another bank with comparable risk and that CFSIL/AIL retained the margin that arises through the internal transfer pricing process in respect of deposits made with CBA, for their own benefit. It is claimed CFSIL/AIL breached their duties as a trustee of the funds, CFSIL breached its duties as a Responsible Entity of the underlying managed investment schemes and that CBA was involved in CFSIL/AIL's breaches. CBA, CFSIL and AIL deny the allegations and are defending the proceedings. The Court has ordered that mediation occur by 14 June 2024.

On 18 October 2019, a second class action was commenced against CFSIL in the Federal Court of Australia. The claim relates to certain fees charged to members of the FirstChoice Fund. It is alleged that CFSIL breached its duties as trustee and acted unconscionably because it failed, between 2013 and 2019, to take steps to avoid the payment of grandfathered commissions to financial advisers, which would have resulted in a reduction of the fees paid by members in respect of whom those commissions were paid. CFSIL denies the allegations and was defending the proceedings. Following a mediation in June 2023, a settlement was reached with no admissions as to liability. The settlement is subject to Court approval.

On 22 January 2020, a further class action was filed against CFSIL and The Colonial Mutual Life Assurance Society Limited (CMLA) in the Federal Court of Australia. On 22 October 2021, AIA Australia Limited (AIAA), who from 1 April 2021 was liable for and assumed certain liabilities of CMLA under a life insurance scheme pursuant to Part 9 of the Life Insurance Act 1995 (Cth) (Part 9 Scheme), was joined as a third respondent to the class action. The class action alleges that CFSIL did not act in the best interests of members and breached its trustee duties when taking out group insurance policies obtained from CMLA. The key allegation is that CFSIL entered into and maintained insurance policies with CMLA on terms that were less favourable to members than would have reasonably been available in the market. It is alleged that CMLA was knowingly involved in CFSIL's contraventions as trustee and profited from those contraventions. CFSIL, CMLA and AIAA deny the allegations and are defending the proceedings. The Court has ordered that mediation occur by 6 December 2023.

On 1 December 2021, the Group completed the sale of a 55% interest in Colonial First State (CFS) to KKR. CBA has assumed

# Appendices (continued)

## 6.2 ASX Appendix 4E (continued)

carriage of the superannuation class actions proceedings on CFSIL's and AIL's behalf subject to the terms of a conduct indemnity deed between CBA, CFSIL and AIL. The Group has provided for certain legal and other costs associated with its obligations under the indemnity deed.

### Advice class actions

On 21 August 2020, a class action was filed in the Federal Court of Australia against Commonwealth Financial Planning Limited (CFP), FWL and CMLA. The claim relates to certain Commlnsure (CMLA) life insurance policies recommended by financial advisers appointed by CFP and FWL during the period from 21 August 2014 to 21 August 2020. On 16 November 2021, AIAA (who from 1 April 2021 was liable for and assumed certain liabilities of CMLA under the Part 9 Scheme) was joined as a fourth respondent to the class action. The key allegations include that CFP and FWL or their financial advisers breached their fiduciary duties to their clients, breached their duty to act in the best interest of their clients, and had prioritised their own interests (and the interests of CFP, FWL and CMLA) over the interest of their clients, in recommending certain CMLA life insurance policies in preference to substantially equivalent or better policies available at lower premiums from third party insurers. It is also alleged that CMLA knew the material facts giving rise to the breaches of fiduciary duty. CFP, FWL, CMLA and AIAA deny the allegations and are defending the proceedings.

On 24 August 2020, a class action was commenced against Count Financial in the Federal Court of Australia. The proceeding relates to commissions paid to Count Financial and its authorised representative financial advisers in respect of financial products (including insurance) and certain obligations of its financial advisers to provide ongoing advice in the period from 21 August 2014 to 21 August 2020. The claim also includes allegations (related to the receipt of commissions) that Count Financial engaged in misleading or deceptive conduct, and that Count Financial and its authorised representatives breached fiduciary duties owed to the applicant and group members. The claim seeks compensation and damages from Count Financial, including any profits resulting from the contraventions. A trial date is fixed for March 2024.

Count Financial was a wholly owned subsidiary of CBA until 1 October 2019, when it was acquired by CountPlus Limited. CBA has assumed the conduct of the defence in this matter on Count Financial's behalf. Count Financial denies the allegations made against it and is defending the proceedings.

It is currently not possible to determine the ultimate impact of these claims, if any, on the Group. The Group has provided for legal costs expected to be incurred in the defence of these claims.

### Consumer credit insurance (CCI) class action

On 10 June 2020, a class action was commenced against CBA and CMLA in the Federal Court of Australia. The claim relates to consumer credit insurance for credit cards and personal loans that was sold between 1 January 2010 and 7 March 2018. On 1 April 2022, AIAA (who from 1 April 2021 was liable for and assumed certain liabilities of CMLA under the Part 9 Scheme) was joined as a third respondent to the class action. The class action alleges that CBA and CMLA engaged in unconscionable and misleading or deceptive conduct, failed to act in the best interests of customers and provided them with inappropriate advice. In particular, it is alleged that some customers were

excluded from claiming certain benefits under the policies and the insurance was therefore unsuitable or of no value. Allegations are also made in relation to the manner in which the insurance was sold. CBA, CMLA and AIAA deny the allegations. On 18 October 2022, the parties attended a Court ordered mediation following which they entered into a settlement agreement to resolve the proceedings. The settlement was made without admission of liability and is subject to Court approval. The Court approval hearing is set down for 4 August 2023.

The Group has provided for the legal costs expected to be incurred in this matter and the agreed settlement amount.

### ASB class action

Proceedings were served on CBA subsidiary ASB Bank Limited (ASB) on 29 September 2021 by plaintiffs seeking to bring a representative (class action) proceeding against ASB in the High Court of New Zealand. These proceedings relate to ASB's compliance with parts of the Credit Contracts and Consumer Finance Act 2003 (CCCFA) which requires variation disclosure to be issued when customers and ASB make agreed changes to loan agreements captured under the CCCFA.

On 11 and 12 July 2023, the New Zealand Court of Appeal heard ASB's appeal from an earlier High Court decision permitting the plaintiffs to pursue their claims as an opt-out representative proceeding. The outcome of that appeal is not yet known.

The plaintiffs' proposed class definition covers all customers who had a home or personal loan with ASB between 6 June 2015 and 18 June 2019 covered by the CCCFA and who were not provided with compliant variation disclosure. Given this definition and the fact that issues raised in the claim have not been determined by the Courts before, the size of the proposed class is unknown. However, the proposed class and the allegations made in the proceedings would potentially cover hundreds of thousands of loans. ASB is appealing the lower court's decision and does not consider that this is an appropriate case to proceed as an opt-out representative proceeding.

In their claim, the plaintiffs argue that ASB is not entitled to retain any interest or fees paid by any class member for the period during which it is alleged that ASB did not provide, and has not provided, compliant variation disclosure under the CCCFA. ASB denies that the relief sought by the plaintiffs is available to them and is vigorously defending the proceedings.

It is not possible to determine the ultimate impact of this claim, if any, on the Group. The Group has provided for legal costs expected to be incurred in the defence of this claim.

### Regulatory enforcement proceedings

#### Commonwealth Essential Super proceedings

On 22 June 2020, the Australian Securities and Investments Commission (ASIC) commenced civil penalty proceedings against CFSIL and CBA in the Federal Court of Australia for alleged contraventions of the conflicted remuneration provisions in the Corporations Act relating to the arrangement between CFSIL and CBA for the distribution of Commonwealth Essential Super. Commonwealth Essential Super is a MySuper product and was issued by CFSIL.

CBA and CFSIL deny the allegations and are defending the proceedings. On 29 September 2022, the Federal Court of Australia dismissed ASIC's proceedings, finding that the payments made under the distribution arrangement were not



# Appendices (continued)

## 6.2 ASX Appendix 4E (continued)

conflicted remuneration. On 26 October 2022, ASIC served a Notice of Appeal indicating that ASIC is appealing the Federal Court's decision to dismiss the proceedings. The hearing of ASIC's appeal concluded on 23 February 2023 and judgment has been reserved by the Full Court.

It is currently not possible to determine the ultimate impact of this claim, if any, on the Group.

### Fair Work Ombudsman (FWO) proceedings

In October 2021, the Fair Work Ombudsman (FWO) commenced civil penalty proceedings in the Federal Court of Australia against CBA and CommSec, alleging contraventions of the Fair Work Act 2009 (Cth) (Fair Work Act), and of the Group's 2014 and 2016 enterprise agreements. The proceedings follow an investigation by FWO of the Group's employee entitlement review (EER). CBA self-disclosed these matters in the EER to the FWO.

CBA and CommSec have cooperated fully with FWO and have entered into a statement of agreed facts and admissions with FWO. A hearing has been listed for 12 September 2023 to determine penalties. It is currently not possible to determine the ultimate impact of this claim on the Group. The Group has provided for legal costs expected to be incurred in relation to this matter and the potential penalty amount.

CBA's broad remediation review of employee entitlements for current and former employees is complete. Ongoing remediation will be carried out under "business as usual" processes.

### Long Service Leave (LSL) proceedings

In August 2022, the Wage Inspectorate Victoria commenced criminal proceedings against each of CommSec and BWA Group Services Pty Ltd (BWA) in the Magistrates' Court of Victoria. The proceedings relate to alleged underpayments of approximately \$70,000 in long service leave (LSL) entitlements for 20 former employees of those entities (8 CommSec and 12 BWA), and alleged non-compliance with a regulatory notice. LSL underpayments are included in the Group's EER described above. It is currently not possible to determine the ultimate impact of this claim on the Group.

### Ongoing regulatory investigations and reviews

The Group undertakes ongoing compliance activities, including breach reporting, reviews of products, advice, conduct and services provided to customers, as well as interest, fees and premiums charged. Some of these activities have resulted in remediation programs and where required the Group consults with the relevant regulator on the proposed remediation action.

Provisions have been recognised by the Group where the criteria outlined in the accounting policy section of this note are satisfied. Contingent liabilities exist with respect to these matters where it is not possible to determine the extent of any obligation to remediate or the potential liability cannot be reliably estimated.

There are also ongoing matters where regulators are investigating whether CBA or a Group entity has breached laws or regulatory obligations. Where a breach has occurred, regulators may impose, or apply to a Court for, fines and/or other sanctions. These matters include investigations of a number of issues which were notified to, or identified by,

regulators. In addition to possible regulatory actions and reviews, there may also be financial exposure to claims by customers, third parties and shareholders and this could include further class actions, customer remediation or claims for compensation or other remedies. The outcomes and total costs associated with such regulatory actions and reviews, and possible claims remain uncertain.

### Other regulatory matters

The following matters were significant regulatory investigations and reviews, which have been completed, but have resulted in ongoing action required by the Group.

### Prudential inquiry into CBA and enforceable undertaking to APRA

On 28 August 2017, APRA announced it would establish an independent prudential inquiry (the Inquiry) into the Group focusing on the governance, culture and accountability frameworks and practices within the Group. The final report of the Inquiry was released on 1 May 2018 (the Final Report). The Final Report made a number of findings regarding the complex interplay of organisational and cultural factors within the Group and the need for enhanced management of non-financial risks.

In response to the Final Report, the Group acknowledged that it would implement all of the recommendations and agreed to adjust its minimum operational risk capital requirements by an additional \$1 billion (an impact to risk weighted assets of \$12.5 billion) until such time as the recommendations are implemented to APRA's satisfaction. CBA entered into an EU under which CBA's remedial action (Remedial Action Plan) in response to the Final Report was agreed and monitored regularly by APRA.

On 20 November 2020, APRA reduced the operational risk capital overlay imposed on CBA from \$1 billion to \$500 million. Effective 30 September 2022, APRA announced CBA has met its obligations under the EU and released the remaining operational risk capital overlay of \$500 million imposed on CBA. CBA is committed to ensuring the improvements made to governance, culture and accountabilities are continuously improved and sustained.

### Financial crime compliance

As noted above, in 2018 the Group resolved the AUSTRAC proceedings relating to contraventions of anti-money laundering/counter-terrorism financing (AML/CTF) laws. CBA continues to address the underlying causes of the Anti-Money Laundering and Counter-Terrorism Financing Act (AML/CTF Act) failings that resulted in AUSTRAC commencing its proceedings.

Recognising the crucial role that the Group plays in fighting financial crime, it continues to invest significantly in its financial crime disruption capabilities, including in its central AML/CTF Compliance team, its business unit-led risk teams, regulatory and control operations team and through the Program of Action with coverage across all aspects of financial crime (including AML/CTF, sanctions anti-bribery and corruption and tax evasion).

The Group provides updates to AUSTRAC on its Anti-Money Laundering and Counter-Terrorism Financing Program and related enhancements and remediation activities.

# Appendices (continued)

## 6.2 ASX Appendix 4E (continued)

However, there is no assurance that AUSTRAC or the Group's other regulators will agree that the Group's enhancements to its financial crime compliance capabilities, including through the multi-year Program of Action, are adequate or will effectively enhance the Group's financial crime compliance programs across its business units and the jurisdictions in which it operates. Although the Group is not currently aware of any other enforcement action by other domestic or foreign regulators in respect of its financial crime compliance, the Group regularly engages with such regulators (including in respect of compliance matters) and there can be no assurance that the Group will not be subject to such enforcement actions in the future.

### **Enforceable undertaking to the Office of Australian Information Commissioner (OAIC)**

In June 2019, the Australian Information and Privacy Commissioner (Commissioner) accepted an EU offered by CBA, which requires further enhancements to the management and retention of customer personal information within CBA and certain subsidiaries.

The EU follows CBA's work to address two incidents: one relating to the disposal by a third party of magnetic data tapes containing historical customer statements and the other relating to potential unauthorised internal user access to certain systems and applications containing customer personal information. CBA reported the incidents to the Commissioner in 2016 and 2018 respectively and has since addressed these incidents. CBA found no evidence that as a result of these incidents, its customers' personal information was compromised or that there have been any instances of unauthorised access by CBA employees or third parties.

### **CommSec Compliance Program**

On 25 October 2022, the Federal Court of Australia handed down its decision in proceedings which ASIC commenced against Commonwealth Securities Limited (CommSec). CommSec did not defend the proceedings. In addition to ordering a penalty of \$20 million, the Federal Court ordered CommSec to undertake a compliance program (the terms of which were agreed with ASIC at the commencement of proceedings). As required by the program CommSec has appointed an independent expert to review the adequacy and effectiveness of its remediation of the issues in the proceedings and their root causes, as well as the adequacy and effectiveness of its systems and controls. The independent expert will conduct an initial review and CommSec is required to address any recommendations. The compliance program contemplates a potential further review by the independent expert of CommSec's response to the recommendations, depending on the outcome of the initial review.

### **Enforceable undertaking to the Australian Communications and Media Authority (ACMA)**

In connection with breaches of certain provisions of the Spam Act 2003, CBA has paid ACMA a fine of \$3.55 million and on 2 June 2023, entered into an EU with ACMA. The issues the subject of ACMA's investigation resulted in some customers receiving messages from CBA after they had unsubscribed and others receiving messages without a functioning unsubscribe mechanism. The three-year EU requires CBA to appoint an independent expert to review its current procedures, policies, training and systems relating to CBA's compliance with the Spam Act. CBA has committed to implementing the independent expert's recommendations, providing ongoing compliance reports to ACMA and training relevant personnel under the EU.

### **Other matters**

#### **Exposures to divested businesses**

The Group has potential exposures to divested businesses, including through the provision of services, warranties and indemnities. These exposures may have an adverse impact on the Group's financial performance and position. The Group has recognised provisions where payments in relation to the exposures are probable and reliably measurable.

#### **Foreign Entities (Rule 4.3A Item No. 13)**

Not applicable.

#### **Compliance Statement (Rule 4.3A Item No. 15)**

This preliminary final report for the year ended 30 June 2023 is prepared in accordance with the ASX listing rules. It should be read in conjunction with any announcements to the market made by the Group during the year. PricewaterhouseCoopers has audited the financial statements contained within the Commonwealth Bank of Australia Annual Report and has issued an unmodified audit report. The Annual Report has been published together with the preliminary report. This preliminary final report has not been subject to audit by PricewaterhouseCoopers. The preceding financial information contained in the Financial Statements section of this preliminary final report includes financial information extracted from the audited financial statements together with financial information that has not been audited.

## Appendices (continued)

### 6.3 Profit Reconciliation

Non-cash items are excluded from net profit after tax ("cash basis"), which is management's preferred measure of the Group's financial performance, as they tend to be non-recurring in nature or are not considered representative of the Group's ongoing financial performance. The impact of these items on the Group's net profit after tax ("statutory basis") is outlined below and treated consistently with the prior financial year. A description of these items is provided below.

Profit Reconciliation	Full Year Ended 30 June 2023			Net profit after tax "statutory basis" \$M
	Net profit after tax "cash basis" \$M	Gain/(loss) on disposal and acquisition of controlled entities <sup>1</sup> \$M	Hedging and IFRS volatility \$M	
<b>Group</b>				
Interest income <sup>2</sup>	44,475	–	–	44,475
Interest expense	(21,419)	–	–	(21,419)
Net interest income	23,056	–	–	23,056
Other operating income	4,181	292	1	4,474
<b>Total operating income</b>	<b>27,237</b>	<b>292</b>	<b>1</b>	<b>27,530</b>
Operating expenses	(11,858)	(221)	–	(12,079)
Loan impairment expense	(1,108)	–	–	(1,108)
<b>Net profit before tax</b>	<b>14,271</b>	<b>71</b>	<b>1</b>	<b>14,343</b>
Corporate tax expense	(4,107)	(39)	(9)	(4,155)
<b>Net profit after income tax from continuing operations</b>	<b>10,164</b>	<b>32</b>	<b>(8)</b>	<b>10,188</b>
Net profit after income tax from discontinued operations <sup>3</sup>	18	(116)	–	(98)
<b>Net profit after income tax</b>	<b>10,182</b>	<b>(84)</b>	<b>(8)</b>	<b>10,090</b>

1 These amounts include post-completion adjustments (such as purchase price adjustments, and finalisation of accounting adjustments for goodwill and foreign currency reserves recycling), and transaction and separation costs associated with the previously announced divestments.

2 Interest income includes total Effective interest income and Other interest income.

3 Statutory net profit after income tax from discontinued operations is presented net of non-controlling interests.

#### Gain/(Loss) on disposal and acquisition of controlled entities

Gains and losses on these transactions are inclusive of foreign exchange impacts, impairments, restructuring, separation and transactions costs and cover both controlled businesses and associates.

#### Hedging and IFRS volatility

Hedging and IFRS volatility represents timing differences between fair value movements on qualifying economic hedges and the underlying exposure. They do not affect the Group's performance over the life of the hedge relationship, and are recognised over the life of the hedged transaction. To qualify as an economic hedge the terms and/or risk profile must match or be substantially the same as the underlying exposure.

# Appendices (continued)

## 6.3 Profit Reconciliation (continued)

Profit Reconciliation	Full Year Ended 30 June 2022 <sup>1</sup>			
	Net profit after tax "cash basis" \$M	Gain/(loss) on disposal and acquisition of controlled entities <sup>2</sup> \$M	Hedging and IFRS volatility \$M	Net profit after tax "statutory basis" \$M
<b>Group</b>				
Interest income <sup>3</sup>	24,293	–	–	24,293
Interest expense	(4,820)	–	–	(4,820)
Net interest income	19,473	–	–	19,473
Other operating income	5,216	72	175	5,463
<b>Total operating income</b>	<b>24,689</b>	<b>72</b>	<b>175</b>	<b>24,936</b>
Operating expenses	(11,428)	(181)	–	(11,609)
Loan impairment benefit	357	–	–	357
<b>Net profit before tax</b>	<b>13,618</b>	<b>(109)</b>	<b>175</b>	<b>13,684</b>
Corporate tax (expense)/benefit	(4,023)	79	(67)	(4,011)
<b>Net profit after income tax from continuing operations</b>	<b>9,595</b>	<b>(30)</b>	<b>108</b>	<b>9,673</b>
Net profit after income tax from discontinued operations <sup>4</sup>	113	985	–	1,098
<b>Net profit after income tax</b>	<b>9,708</b>	<b>955</b>	<b>108</b>	<b>10,771</b>

1 Comparative information has been revised to reflect the change in presentation. For further details refer to Note 1.1 in the 2023 Annual Report.

2 These amounts include post-completion adjustments (such as purchase price adjustments, and finalisation of accounting adjustments for goodwill and foreign currency reserves recycling), and transaction and separation costs associated with the previously announced divestments.

3 Interest income includes total Effective interest income and Other interest income.

4 Statutory net profit after income tax from discontinued operations is presented net of non-controlling interests.

# Appendices (continued)

## 6.3 Profit Reconciliation (continued)

Profit Reconciliation	Half Year Ended 30 June 2023			
	Net profit after tax "cash basis" \$M	Gain/(loss) on disposal and acquisition of controlled entities <sup>1</sup> \$M	Hedging and IFRS volatility \$M	Net profit after tax "statutory basis" \$M
<b>Group</b>				
Interest income <sup>2</sup>	24,850	–	–	24,850
Interest expense	(13,431)	–	–	(13,431)
Net interest income	11,419	–	–	11,419
Other operating income	2,225	(28)	(34)	2,163
<b>Total operating income</b>	<b>13,644</b>	<b>(28)</b>	<b>(34)</b>	<b>13,582</b>
Operating expenses	(6,085)	(2)	–	(6,087)
Loan impairment expense	(597)	–	–	(597)
<b>Net profit before tax</b>	<b>6,962</b>	<b>(30)</b>	<b>(34)</b>	<b>6,898</b>
Corporate tax (expense)/benefit	(1,951)	11	14	(1,926)
<b>Net profit after income tax from continuing operations</b>	<b>5,011</b>	<b>(19)</b>	<b>(20)</b>	<b>4,972</b>
Net profit after income tax from discontinued operations <sup>3</sup>	8	(35)	–	(27)
<b>Net profit after income tax</b>	<b>5,019</b>	<b>(54)</b>	<b>(20)</b>	<b>4,945</b>

1 These amounts include post-completion adjustments (such as purchase price adjustments, and finalisation of accounting adjustments for goodwill and foreign currency reserves recycling), and transaction and separation costs associated with the previously announced divestments.

2 Interest income includes total Effective interest income and Other interest income.

3 Statutory net profit after income tax from discontinued operations is presented net of non-controlling interests.



# Appendices (continued)

## 6.4 Analysis Template

	Full Year Ended <sup>1</sup>		Half Year Ended <sup>1</sup>	
	30 Jun 23	30 Jun 22	30 Jun 23	31 Dec 22
	\$M	\$M	\$M	\$M
<b>Ratios - Output Summary (continuing operations basis)</b>				
<b>Earnings Per Share (EPS)</b>				
Net profit after tax - "cash basis"	10,164	9,595	5,011	5,153
Average number of shares (M) - "cash basis"	1,690	1,722	1,685	1,695
<b>Earnings Per Share basic - "cash basis" (cents)</b>	<b>601.5</b>	557.1	<b>297.5</b>	304.1
Net profit after tax - "statutory basis"	10,188	9,673	4,972	5,216
Average number of shares (M) - "statutory basis"	1,690	1,722	1,685	1,695
<b>Earnings Per Share basic - "statutory basis" (cents)</b>	<b>603.0</b>	561.7	<b>295.1</b>	307.8
Interest expense (after tax) - PERLS	418	252	225	193
<b>Profit impact of assumed conversions (after tax)</b>	<b>418</b>	252	<b>225</b>	193
Weighted average number of shares - PERLS (M)	108	109	91	114
Weighted average number of shares - Employee share plans (M)	2	2	2	2
<b>Weighted average number of shares - dilutive securities (M)</b>	<b>110</b>	111	<b>93</b>	116
Net profit after tax - "cash basis"	10,164	9,595	5,011	5,153
Add back profit impact of assumed conversions (after tax)	418	252	225	193
Adjusted diluted profit for EPS calculation	10,582	9,847	5,236	5,346
Average number of shares (M) - "cash basis"	1,690	1,722	1,685	1,695
Add back weighted average number of shares (M)	110	111	93	116
Diluted average number of shares (M)	1,800	1,833	1,778	1,811
<b>Earnings Per Share diluted - "cash basis" (cents)</b>	<b>587.9</b>	537.3	<b>294.5</b>	295.2
Net profit after tax - "statutory basis"	10,188	9,673	4,972	5,216
Add back profit impact of assumed conversions (after tax)	418	252	225	193
Adjusted diluted profit for EPS calculation	10,606	9,925	5,197	5,409
Average number of shares (M) - "statutory basis"	1,690	1,722	1,685	1,695
Add back weighted average number of shares (M)	110	111	93	116
Diluted average number of shares (M)	1,800	1,833	1,778	1,811
<b>Earnings Per Share diluted - "statutory basis" (cents)</b>	<b>589.3</b>	541.5	<b>292.3</b>	298.7

<sup>1</sup> Calculations are based on actual numbers prior to rounding to the nearest million.

# Appendices (continued)

## 6.4 Analysis Template (continued)

	Full Year Ended <sup>1</sup>		Half Year Ended <sup>1</sup>	
	30 Jun 23	30 Jun 22	30 Jun 23	31 Dec 22
	\$M	\$M	\$M	\$M
<b>Ratios - Output Summary (including discontinued operations)</b>				
<b>Earnings Per Share (EPS)</b>				
Net profit after tax - "cash basis"	10,182	9,708	5,019	5,163
Average number of shares (M) - "cash basis"	1,690	1,722	1,685	1,695
<b>Earnings Per Share basic - "cash basis" (cents)</b>	<b>602.6</b>	563.7	<b>297.9</b>	304.7
Net profit after tax - "statutory basis"	10,090	10,771	4,945	5,145
Average number of shares (M) - "statutory basis"	1,690	1,722	1,685	1,695
<b>Earnings Per Share basic - "statutory basis" (cents)</b>	<b>597.2</b>	625.4	<b>293.5</b>	303.6
Interest expense (after tax) - PERLS	418	252	225	193
<b>Profit impact of assumed conversions (after tax)</b>	<b>418</b>	252	<b>225</b>	193
Weighted average number of shares - PERLS (M)	108	109	91	114
Weighted average number of shares - Employee share plans (M)	2	2	2	2
<b>Weighted average number of shares - dilutive securities (M)</b>	<b>110</b>	111	<b>93</b>	116
Net profit after tax - "cash basis"	10,182	9,708	5,019	5,163
Add back profit impact of assumed conversions (after tax)	418	252	225	193
Adjusted diluted profit for EPS calculation	10,600	9,960	5,244	5,356
Average number of shares (M) - "cash basis"	1,690	1,722	1,685	1,695
Add back weighted average number of shares (M)	110	111	93	116
Diluted average number of shares (M)	1,800	1,833	1,778	1,811
<b>Earnings Per Share diluted - "cash basis" (cents)</b>	<b>588.9</b>	543.4	<b>294.9</b>	295.8
Net profit after tax - "statutory basis"	10,090	10,771	4,945	5,145
Add back profit impact of assumed conversions (after tax)	418	252	225	193
Adjusted diluted profit for EPS calculation	10,508	11,023	5,170	5,338
Average number of shares (M) - "statutory basis"	1,690	1,722	1,685	1,695
Add back weighted average number of shares (M)	110	111	93	116
Diluted average number of shares (M)	1,800	1,833	1,778	1,811
<b>Earnings Per Share diluted - "statutory basis" (cents)</b>	<b>583.8</b>	601.4	<b>290.7</b>	294.8
<b>Dividends Per Share (DPS)</b>				
<b>Dividends (including discontinued operations)</b>				
Dividends per share (cents) - fully franked	450	385	240	210
No. of shares at end of period excluding Treasury shares deduction (M)	1,676	1,702	1,676	1,688
Total dividends (\$M) <sup>2</sup>	7,568	6,559	4,022	3,546
<b>Dividend payout ratio - "cash basis"</b>				
Net profit after tax - attributable to ordinary shareholders (\$M)	10,182	9,708	5,019	5,163
Total dividends (\$M) <sup>2</sup>	7,568	6,559	4,022	3,546
Payout ratio - "cash basis" (%) <sup>2</sup>	74.3	67.6	80.2	68.7
<b>Dividend cover</b>				
Net profit after tax - attributable to ordinary shareholders (\$M)	10,182	9,708	5,019	5,163
Total dividends (\$M) <sup>2</sup>	7,568	6,559	4,022	3,546
Dividend cover - "cash basis" (times)	1.3	1.5	1.2	1.5

1 Calculations are based on actual numbers prior to rounding to the nearest million.

2 Total dividends and payout ratio are calculated based on the closing number of shares for the respective periods.

# Appendices (continued)

## 6.4 Analysis Template (continued)

	Full Year Ended <sup>1</sup>		Half Year Ended <sup>1</sup>	
	30 Jun 23	30 Jun 22	30 Jun 23	31 Dec 22
	\$M	\$M	\$M	\$M
<b>Ratios - Output Summary (continuing operations basis)</b>				
<b>Return on Equity (ROE)</b>				
<b>Return on Equity - "cash basis"</b>				
Average net assets	72,462	75,396	72,274	72,690
Less:				
Average non-controlling interests	(5)	(5)	(5)	(5)
Net average equity	72,457	75,391	72,269	72,685
Net profit after tax - "cash basis"	10,164	9,595	5,011	5,153
ROE - "cash basis" (%)	14.0	12.7	14.0	14.1
<b>Return on Equity - "statutory basis"</b>				
Average net assets	72,462	75,396	72,274	72,690
Average non-controlling interests	(5)	(5)	(5)	(5)
Average equity	72,457	75,391	72,269	72,685
Net profit after tax - "statutory basis"	10,188	9,673	4,972	5,216
ROE - "statutory basis" (%)	14.1	12.8	13.9	14.2
<b>Ratios - Output Summary (including discontinued operations)</b>				
<b>Return on Equity (ROE)</b>				
<b>Return on Equity - "cash basis"</b>				
Average net assets	72,462	75,396	72,274	72,690
Less:				
Average non-controlling interests	(5)	(5)	(5)	(5)
Net average equity	72,457	75,391	72,269	72,685
Net profit after tax - "cash basis"	10,182	9,708	5,019	5,163
ROE - "cash basis" (%)	14.1	12.9	14.0	14.1
<b>Return on Equity - "statutory basis"</b>				
Average net assets	72,462	75,396	72,274	72,690
Average non-controlling interests	(5)	(5)	(5)	(5)
Average equity	72,457	75,391	72,269	72,685
Net profit after tax - "statutory basis"	10,090	10,771	4,945	5,145
ROE - "statutory basis" (%)	13.9	14.3	13.8	14.0
<b>Net Tangible Assets per share</b>				
Net assets	72,005	72,838	72,005	72,543
Less:				
Intangible assets	(7,393)	(6,934)	(7,393)	(7,136)
Non-controlling interests	(5)	(5)	(5)	(5)
Total net tangible assets	64,607	65,899	64,607	65,402
No. of shares at end of period excluding Treasury shares deduction (M)	1,676	1,702	1,676	1,688
<b>Net Tangible Assets per share (\$)</b>	<b>38.54</b>	<b>38.73</b>	<b>38.54</b>	<b>38.74</b>

<sup>1</sup> Calculations are based on actual numbers prior to rounding to the nearest million.

# Appendices (continued)

## 6.5 Foreign Exchange Rates

Exchange Rates Utilised <sup>1</sup>	Currency	As at		
		30 Jun 23	31 Dec 22	30 Jun 22
AUD 1.00 =	USD	<b>0. 6627</b>	0. 6779	0. 6879
	EUR	<b>0. 6102</b>	0. 6364	0. 6576
	GBP	<b>0. 5253</b>	0. 5625	0. 5666
	NZD	<b>1. 0887</b>	1. 0714	1. 1073
	JPY	<b>95. 8254</b>	89. 9702	93. 8510

<sup>1</sup> End of day, Sydney time.

Average Exchange Rates Utilised	Currency	Full Year Ended		Half Year Ended	
		30 Jun 23	30 Jun 22	30 Jun 23	31 Dec 22
AUD 1.00 =	USD	<b>0. 6734</b>	0. 7257	<b>0. 6763</b>	0. 6705
	EUR	<b>0. 6437</b>	0. 6441	<b>0. 6258</b>	0. 6613
	GBP	<b>0. 5595</b>	0. 5455	<b>0. 5486</b>	0. 5704
	NZD	<b>1. 0926</b>	1. 0667	<b>1. 0830</b>	1. 1019
	JPY	<b>92. 4549</b>	85. 1439	<b>91. 2070</b>	93. 6745

# Appendices (continued)

## 6.6 Definitions

### Glossary of Terms

Term	Description
Assets under management (AUM)	Assets Under Management represents the market value of assets for which the Group acts as an appointed manager.
Business Banking	Business Banking serves the banking needs of business, corporate and agribusiness customers across the full range of financial services solutions, as well as providing equities trading and margin lending services through the CommSec business. Business Banking includes the financial results of business banking activities conducted under the Bankwest brand.
Corporate Centre and Other	Corporate Centre and Other include the results of the Group's centrally held minority investments and subsidiaries, Group-wide remediation costs, investment spend including enterprise-wide infrastructure and other strategic projects, employee entitlements, and unallocated revenue and expenses relating to the Bank's support functions including Treasury, Investor Relations, Group Strategy, Legal and Corporate Affairs and Bank-wide elimination entries arising on consolidation.
Corporations Act 2001	<i>Corporations Act 2001</i> (Cth).
Dividend payout ratio ("cash basis")	Dividends paid on ordinary shares divided by net profit after tax ("cash basis").
Dividend payout ratio ("statutory basis")	Dividends paid on ordinary shares divided by net profit after tax ("statutory basis").
DPS	Dividend per share.
DRP	Dividend reinvestment plan.
DRP participation	The percentage of total issued capital participating in the dividend reinvestment plan.
Earnings per share (EPS) (basic)	Basic earnings per share is the net profit attributable to ordinary equity holders of the Bank, divided by the weighted average number of ordinary shares on issue during the year per the requirements of relevant accounting standards.
Earnings per share (EPS) (diluted)	Diluted earnings per share adjusts the net profit attributable to ordinary equity holders of the Bank and the weighted average number of ordinary shares on issue used in the calculation of basic earnings per share, for the effects of dilutive potential ordinary shares per the requirements of relevant accounting standards.
Funds under administration (FUA)	Funds Under Administration represents the market value of funds administered by the Group and excludes AUM.
Institutional Banking and Markets	Institutional Banking and Markets serves the commercial and wholesale banking needs of large corporate, institutional and government clients across a full range of financial services solutions including access to debt capital markets, transaction banking, working capital and risk management through dedicated product and industry specialists.
Interest rate risk in the banking book (IRRBB)	Interest Rate Risk in the Banking Book is the risk that the Bank's profit derived from Net Interest Income (interest earned less interest paid), in current and future periods, is adversely impacted by changes in interest rates. This is measured from two perspectives: firstly by quantifying the change in the net present value of the Balance Sheet's future earnings potential, and secondly as the anticipated change to Net Interest Income earned over 12 months. This calculation is driven by APRA regulations with further detail outlined in the Group's Basel III Pillar 3 report.

## Appendices (continued)

### 6.6 Definitions (continued)

Term	Description
Net profit after tax ("cash basis")	Represents net profit after tax and non-controlling interests before non-cash items including hedging and IFRS volatility, and gains or losses on acquisitions, disposal, closure, capital repatriation and demerger of controlled businesses, or associates that are not discontinued operations. This is management's preferred measure of the Group's financial performance.
Net profit after tax ("statutory basis")	Represents net profit after tax and non-controlling interests, calculated in accordance with Australian Accounting Standards. This is equivalent to the statutory item "Net profit attributable to Equity holders of the Bank".
Net Stable Funding Ratio (NSFR)	The NSFR more closely aligns the behaviour terms of assets and liabilities. It is the ratio of the amount of available stable funding (ASF) to the amount of required stable funding (RSF). ASF is the portion of an Authorised Deposit-taking Institution's (ADI) 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.
Net tangible assets per share	Net assets excluding intangible assets, non-controlling interests and other equity instruments divided by ordinary shares on issue at the end of the period (excluding Treasury Shares deduction). Right of use assets are included in net tangible assets per share.
New Zealand	New Zealand includes the banking and funds management businesses operating under the ASB brand. ASB provides a range of banking, wealth and insurance products and services to personal, business and rural customers in New Zealand.
Operating expenses to total operating income	Represents operating expenses as a percentage of total operating income. The ratio is a key efficiency measure.
Other Overseas	Represents amounts booked in branches and controlled entities outside Australia and New Zealand.
Profit after capital charge (PACC)	The Group uses PACC, a risk-adjusted measure, as a key measure of financial performance. It takes into account the profit achieved, the risk to capital that was taken to achieve it, and other adjustments.
Retail Banking Services	Retail Banking Services provides banking products and services to personal and private bank customers. Retail Banking Services also include the financial results of retail banking activities conducted under the Bankwest and Unloan brands. The sale of the Australian general insurance business (CommInsure General Insurance) was completed on 30 September 2022.
Return on equity ("cash basis")	Based on net profit after tax ("cash basis") less other equity instruments' distributions applied to average shareholders' equity, excluding non-controlling interests and other equity instruments.
Return on equity ("statutory basis")	Based on net profit after tax ("statutory basis") less other equity instruments' distributions applied to average shareholders' equity, excluding non-controlling interests and other equity instruments.
Total Committed Exposure (TCE)	Total Committed Exposure is defined as the balance outstanding and undrawn components of committed facility limits. It is calculated before collateralisation and excludes settlement exposures on derivatives.
Weighted average number of shares	The calculation incorporates the bonus element of any rights issue, discount element of any DRP and excludes "Treasury Shares" related to investment in the Bank's shares held for future issuance at vesting of related share based payment awards.

# Appendices (continued)

## 6.6 Definitions (continued)

### Market Share Definitions

#### Retail Banking Services

Home loans (APRA)	CBA Loans to individuals that are Owner Occupied and Investment Home Loans as per APRA monthly ADI Statistics, <b>divided by</b> APRA Monthly ADI Statistics back series.
Home loans (RBA)	CBA Loans to individuals that are Owner Occupied and Investment Home Loans as per APRA monthly ADI Statistics + separately reported subsidiaries: Wallaby Trust, Residential Mortgage Group P/L, <b>divided by</b> RBA Financial Aggregates Owner Occupied and Investor Home Lending (includes ADIs and RFCs).
Credit Cards (APRA)	CBA Personal Credit Card Lending (APRA), <b>divided by</b> Loans to Households: Credit Cards (APRA Monthly ADI Statistics back series).
Consumer finance (other household lending)	CBA Lending to individuals which includes: Personal Loans, Margin Lending, Personal Leasing, Revolving Credit, Overdrafts, and Home Loans for personal purposes, <b>divided by</b> Loans to Households: Other (APRA Monthly ADI Statistics back series).
Household deposits	Total CBA transaction and non-transaction account deposit balances from residents as reported under APRA definitions for Households (individuals) excluding Self-Managed Super Funds (as per deposit balances submitted to APRA in ARF720.2A Deposits), <b>divided by</b> Deposits from Households (APRA Monthly ADI Statistics back series).
<b>Business Banking</b>	
Business lending (APRA)	CBA Total Loans to residents as reported under APRA definitions for the Non-Financial Businesses sector (as per lending balances submitted to APRA in ARF720.1A ABS/RBA Loans and Finance Leases) (this includes some Housing Loans to businesses), <b>divided by</b> Loans to Non-Financial Businesses (APRA Monthly ADI Statistics back series).
Business lending (RBA)	CBA Business Lending and Credit: specific "business lending" categories in lodged APRA returns – ARF720.1A ABS/RBA Loans and Finance Leases, ARF720.7 ABS/RBA Bill Acceptances and Endorsements, excluding sub-categories of RBA, ADIs, RFCs and Central Borrowing Authorities, and the category of General Government, <b>divided by</b> RBA Total Business Lending (adjusted for series breaks).
Business deposits (APRA)	Total CBA transaction and non-transaction account deposit balances from residents as reported under APRA definitions for the Non-Financial Businesses sector (as per deposit balances submitted to APRA in ARF720.2A Deposits), <b>divided by</b> Deposits from Non-Financial Businesses (from APRA Monthly ADI Statistics back series).
Equities trading	Twelve months rolling average of Australian equities traded value by CommSec, <b>divided by</b> Twelve months rolling average of total Australian equities market traded value.

# Appendices (continued)

## 6.6 Definitions (continued)

### Market Share Definitions

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#### New Zealand

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Home loans	All ASB residential mortgages for owner occupier and residential investor property use, <b>divided by</b> Total New Zealand residential mortgages for (owner occupier and residential investor property use) of all New Zealand registered banks (from RBNZ).
Customer deposits	All resident and non-resident customer deposits on ASB Balance Sheet, <b>divided by</b> Total resident and non-resident deposits of all New Zealand registered banks (from RBNZ).
Business lending	All New Zealand Dollar loans for business use on ASB Balance Sheet excluding agriculture loans, <b>divided by</b> Total New Zealand Dollar loans for business use of all New Zealand registered banks excluding agriculture loans (from RBNZ).
Rural lending	All New Zealand Dollar loans for agricultural business use on ASB Balance Sheet, <b>divided by</b> Total New Zealand Dollar business loans to the agriculture industry (excluding loans for residential investor property use) of all New Zealand registered banks (from RBNZ).

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